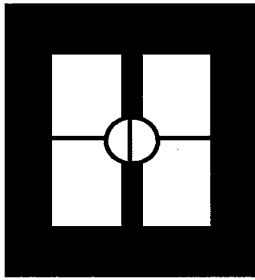


CITY OF HILLSBORO

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**UGB**

**TESTIMONY**

**OCTOBER 2011**

FOR KELSEY NEWELL



October 16, 2011

Email & Regular Mail Transmitted:

Hon. Tom Hughes, President,

And Metro Councilors

600 NE Grand Avenue

Portland, OR 97232

ATTN: Dan Cooper, Acting Metro COO and Dick Benner, Metro Attorney

**Re Supplemental City of Hillsboro Testimony re: Metro Ord. 11-1264**

Dear President Hughes and Metro Councilors:

1000 Friends of Oregon (hereinafter “1000 Friends”) specifically challenges the need for UGB expansion that would add: 1) 330 acres of North Hillsboro land into the Metro UGB for large industrial sites (50 or more acres in size); and, 2) 1063 acres of land in the South Hillsboro Community Plan Area. Purely for the UGB Record, we submit this supplemental Hillsboro testimony (including attachments) in response to some of the 1000 Friends arguments challenging the need for, and merits of these two pending UGB expansions. The arguments submitted by 1000 Friends are incorrect, confusing, and/or misleading as demonstrated below.

**Re: North Hillsboro (330-Acre) Industrial Large Sites UGB Expansion:**

1000 Friends assert “No Need for an Industrial UGB Expansion Now” based on a mixture of policy and factual arguments that, combined, supposedly shows that the State Planning Goal 14 UGB land need expansion factors are not satisfied. We address these arguments as follows:

*1. The record evidence does not support a conclusion that there is a demand for large lots.*

This 1000 Friends “factual” argument is vague in its definition of “large lot” but appears to be based on a criteria of *25 acres or more* in size which 1000 Friends call “a generous definition of „large lot”” (see p. 3, 1000 Friend testimony). In fact, the distinction between parcels that are *25 acres or larger* and those that are *50 acres or larger* is pivotal to establishing a demonstrated need for large sites required by Goal 14, Factors 1 and 2.

Attachment “A” to this letter cites documents in the UGB Record that confirm the Region’s determination that additional UGB land for large industrial sites containing 50 or more acres is needed to accommodate a Regional large-lot need range of at least 200-800 acres and, preferably, 200-1500 acres.

*2. Based on a Metro “large lot” definition of “25 acres, the existing UGB has enough large sites to accommodate any need for large sites.*

1000 Friends references a *Regional Industrial Lands Inventory* currently under way and the Metro UGR information about “13 very large lots inside the UGB – over 50 acres and some over 100 acres – that do not need lot assembly” to claim no need to expand the UGB for large industrial sites (see p. 4, 1000 Friends testimony). This “zero-sum-game” claim rests on a clear, yet wrong assertion that *land amount*, alone, is the decisive factor in determine whether a need to expand the UGB exists pursuant to Goal 14.

Goal 14 and related Administrative Rules requires a valid “UGB land need” to address more than just the *amount* of the land need. A valid land need determination under Goal 14 must also demonstrate that the land identified to accommodate the needed land use(s) is *suitable to accommodate those uses*. Metro has been advised accordingly by a September 23, 2011 DLCD letter (see Attachment “B”). We quote the DLCD letter extensively because both the UGR and Ord. 11-1264 have well heeded and addressed the DLCD instructions as explained below and described more fully in Attachment “A”:

“Employment land planning in Oregon is generally guided by Goal 9 and OAR chapter 660, division 9. Metro is not required to follow the land need determination portion of Goal 9 and its administrative rules. ***Nevertheless, we believe these provisions may prove instructive for Metro’s consideration of Goal 14, factor 2 (demonstrate suitability) for accommodation of a 20-year supply of employment land,*** and to help ensure cities within Metro can reasonably carry out their responsibilities under the goal (9).

“The intent of Goal 9 and its administrative rule is to ensure that communities have employment sites to provide adequate opportunities *for a variety of economic activities*. This requires that the plan (or in this case Ord. 11-1264) be based on *market realities* and *analysis of expected future conditions*.

“One of the products of comprehensive planning under Goal 9 is the total land supply, generally expressed in *suitable sites*, but it could be an acreage figure (citing a OAR 660-009-0005(13) prescription that “total land supply” *includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in the comprehensive plan (or the UGR in this case)*. The estimation of total land supply is the result of a series of *policy choices*. *It is not a formula, a forecast or an allocation* (i.e., not solely a zero-sum-game).

“OAR 660-024-0050(1) can reasonably be read to require Metro to conduct an employment land inventory according to the requirements of OAR 660-009-0014 (citing omitted). This requirement may include ***the standards of the expected use*** (i.e., their specific site development, use and location requirements), ***site types, site suitability, and short-term supply*** that are fundamental to an Economic Opportunity Analysis conducted under OAR 660-009-0015. . . .

“A specific portion of Metro’s analysis regarding the manufacturing sector (which includes high tech, silicon solar manufacturing sectors in the Region/West Washington County) raises questions about Metro’s obligation to be consistent with state of Oregon economic development policies, even if only as a question of coordination under Goal 2. Metro estimates a limited demand for sites for manufacturing, particularly large-lot industrial sites. According to Business Oregon, manufacturing is one of Oregon’s strategic industries and doing well in the Metro region. ***The***

***national decline in manufacturing employment may not translate directly to employment land need in the Metro Region.***” (Italicized and bolded emphasis and parenthetical notes added.)

As more fully described in Attachment “A”, the Metro UGR and MPAC Employment Subcommittee, respectively, identified a need for 200-800 and 200-1500 acres of land for large industrial sites that can specifically accommodate the long-term organic growth and expansion of the Region’s high tech, silicon solar manufacturing and bio-pharma industry sectors companies. They have concentrated and clustered in West Washington County and particularly in the North Hillsboro Area because much of the land in this part of the Region (unlike most other parts of the Region) contains many of the unique site market location, site suitability and efficient infrastructure serviceability features required by these types of businesses.

Accordingly, if approved Ord. 11-1264 will add 330 acres in the North Hillsboro Area to the UGB for large industrial sites (50 or more acres in size). In fact, a North Hillsboro UGB Condition of approval specifically requires (and, thus, formally acknowledges/establishes) the Region’s UGB 20-year land need determination that: 1) at least 200 acres of large industrial sites need to be added to the UGB; 2) that these sites must contain at least 50 acres of land (not 25 acres); and, 3) that the 330 acres in North Hillsboro are demonstrably suited for the types of large-lot industrial uses needed by the Region that cannot be fully accommodated by other industrial lands already within the UGB.

Thus, Ord. 11-1264 as drafted heeds and addresses the Goal 14, factors 1 and 2 directions to Metro as laid out in the attached September 23, 2011 DLCD letter. Indeed, reliance on land amount, alone, as asserted by 1000 Friends would raise legitimate Goal 14, factor 2, Goal 2, Goal 9 and related administrative rule non-compliance issues based on the above-cited DLCD letter.

3. *National Trends and Vacant or Underused (Flex-space) Buildings in the UGB demonstrate no need to expand the UGB for large industrial sites.*

National employment trends do not provide substantial evidence contrary to the Region’s determination (though Ord. 11-1264) that it needs additional land for large industrial sites containing 50 or more acres of land as clearly noted in the DLCD letter cited above. If trends are considered dispositive of land need under Goal 14 and related administrative rules, then, *local employment trends* would be more relevant substantial evidence supporting that land need determination.

Attachment “C” is a very recent Oregonian Editorial that describes how many of the jobs in the Region created by the growth of small businesses derive from demand for their goods and services generated by large companies (like Intel, SolarWorld, etc.) also in the Region. It speaks to “the region’s *slim portfolio of development-ready industrial sites*, places where *large businesses* can invest and, if things go right, create jobs”.

1000 Friends clearly asserts that no large industrial site UGB expansion is needed because available vacant and underused buildings inside the UGB can accommodate whatever may be the functional building space needs of any industrial user that need large industrial sites. This



assertion lacks a basis in fact and, therefore, cannot reasonably be viewed as substantial evidence to support this 1000 Friends assertion.

Indeed, the Metro Council has heard much testimony during the Urban Reserves process from industrial brokers – and the UGB Record also contains such expert testimony - that the facility needs of companies in all industry sectors are not similar and fungible (i.e., that the needs of high tech, silicon solar manufacturing, bio-pharma are locationally/functionally/operationally different among these sectors and with employers needing retail space, goods warehousing and distribution, heavy and light manufacturing, etc.)

More important, this assertion flies in the face of relevant UGB Goal 14 land needs inquiry instructions outlined (above) in the DLCD letter. DLCD explains that the Goal 14 Rules requires a much more rigorous analysis of industrial land needs than asserted by this 1000 Friends claim: They require an analysis of whether - and demonstration that - lands (including existing buildings on such lands) can satisfy “standards of the expected use”, “site types”, “site suitability”, and “short-term supply” of the industrial use(s) can be accommodated by the expansion – or not – of the UGB. The 1000 Friends assertion wrongly assumes that mere availability of vacant and/or underused buildings is enough evidence to satisfy these Goal 14 requirements.

#### **Re: South Hillsboro (1063 acres) UGB Expansion:**

As summarized below, the 1000 Friends South Hillsboro testimony assert that: 1) a Regional need for the housing planned in the South Hillsboro Area does not exist *right now* to support South Hillsboro UGB expansion, and 2) the Area is better suited for industrial use. We offer the following responses for the Record.

1. *Based on the last US Census, the Region’s UGB decision should reflect a slower Regional growth rate (i.e., 9,000 less dwelling units needed over the next 20 years), and a Regional forecast close to the low end of the forecast range.*

Acting fully within its legislative policy-making authority, the Metro Council has picked a point near the lower 1/3<sup>rd</sup> of the middle of the forecast range, which remains within the 90% probability band. 1000 Friends argument is not with the choice of picking a point at lower end of the middle 1/3<sup>rd</sup> of the forecast. Instead, it asserts that the larger “middle third” forecast band, itself, is too high based on the recent US Census, without providing supporting factual or other reasons why it is “too high”.

Metro formally adopted their forecast prior to the final US Census results being made available, stating in the adopting ordinance that the forecast would be the basis for subsequent UGB decisions in 2010/2011. In order to remain consistent with the evidence relied on to determine housing and employment needs for the next 20 years, Metro must continue to rely on its adopted forecast for this UGB cycle’s decision and is under no obligation to redo its adopted population and employment forecasts until the next round of UGB decisions (2015).

2. *Expanding the UGB by 1600 acres (including the South Hillsboro Area) for housing is not needed because the UGB expanded by 11% since 1979 (28,000 acres) but only 5% of all residential development in the Region has occurred outside the 1979 UGB.*

The amount of residential UGB expansion proposed (approximately 1,600 acres, or 0.6% of the entire, existing UGB), is relatively minimal and will not result in significant redirection of public expenditures for “supportive infrastructure” within existing communities and neighborhoods: South Hillsboro testimony already in the Record confirms private commitments that most (70-80%) of the costs of developing supporting South Hillsboro Area infrastructure systems and facilities will be paid by its private developers (see. Doug Rux infrastructure costs memo in the Record).

Thus, the relative impact on public costs of providing infrastructure to the Area will be proportionately less than similar costs to redevelop “existing communities and neighborhoods” in and near the City which require substantial public subsidies to accomplish infrastructure upgrades (e.g., using urban renewal, CDBG and other public sources of funding) including such places as the Aloha/Reedville Area.

Persistent non-development of areas like Damascus (18,000 acres added to the UGB for housing in 1998) explain why unsuitable lands (for numerous, well-documented physical, financial and lack of governance reasons) contribute to the 5% residential figure cited by 1000 Friends as rational for not expanding the UGB for South Hillsboro and other areas for housing.

In the South Hillsboro Community, Areas 69 and 71 also fall into this “undevelopable” category; however, UGB expansion of the remaining 1063 acres in the South Hillsboro Area will finally enable development two “exception lands” areas for housing as intended in 2002 when they were added to the UGB.

Hence, the 1000 Friends “5% UGB housing assertion” can be described as capitalizing on a self-fulfilling UGB development prophesy: Supporting adding problematic land to the UGB in the past notwithstanding testimony to that effect, then, arguing its non-development to justify no further UGB expansion onto lands that have long been acknowledged as highly suitable for housing development (even by 1000 Friends in its recent, ironic UGB testimony relating to the South Hillsboro Area).

3. *South Hillsboro should be an Industrial Area because of its large size, single ownership, flat terrain, location to rail and other site features.*

Metro relied on preliminary concept planning completed by cities during the Reserves process to determine likely land uses in subsequent UGB expansion areas of interest. These preliminary concept plans informed the second step in the UGB analysis process (i.e., “limited sorting” under Goal 14 and ORS 197.298 to identify land that could be added to the UGB to accommodate a needed type of land use.)

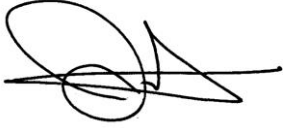
In the case of South Hillsboro, the degree of concept planning was far beyond that of any other area under consideration. The city and community spent several years on concept planning for the area, well before even the Regional Urban & Rural Reserves process. This extensive concept planning work was aimed at creating a Great Community, which was one of the primary reasons South Hillsboro was determined to be the highest ranked area for UGB expansion. Although the concept plan includes employment areas, the initial analysis of land use options did not result in identification of a large industrial site for the following reasons:

- Large lot industrial need in Western Washington County is a result of expansion of specific traded sector industrial clusters – high tech, green energy and bio-pharma. All of those primary industries and many of their spin-off support businesses are located near the Sunset Corridor along Highway 26. Because of the importance of easy access to each other and the Sunset Corridor, the South Hillsboro site is not the best large lot industrial option for these industry clusters.
- TV Highway (OR 8), which borders the north edge of South Hillsboro, is not part of the Oregon State Highway Freight System Network (Draft TV Highway Corridor Plan Existing Transportation Conditions Report, pp. 9-10). While designated as a high capacity transit corridor (HCT) by Metro, the highway also functions as a truck route for local and intra-region freight movement. While Washington County has designated a number of “through truck routes” that cross TV Highway, many other roadways in the area prohibit large trucks traveling through them (e.g., important north-south routes such as Brookwood Avenue and 229<sup>th</sup> Avenue between TV Highway and Rosedale Road). Several bridges in the South Hillsboro area are also weight limited, which further restricts freight movements into and out of the area.
- Regionally, traded sector industries require direct access to major distribution and port facilities to ship their goods out of State. Freight access to regional Port facilities and I-5 from the West side is most efficient from Highway 26, which is why major West side industries prefer locations in the Sunset Corridor. Not only is the South Hillsboro site removed from the West side’s major east-west freight route, trucked freight is the only viable alternative. The Portland and Western Railroad (PNWR), which runs along the north side of South Hillsboro, is exclusively a Class II short line (i.e., short haul) operation. According to the railroad’s website and the Draft TV Highway Corridor Plan Existing Transportation Conditions Report (p.10), the line transports primarily resource extraction commodities (forest and agricultural products, aggregate, ores and minerals), scrap and construction debris between branch line points in the system. Because of this business model the PNWR is not suitable for the transport needs of the West side’s large traded sector industries.

Thank you for receiving and considering this supplemental Hillsboro UGB testimony in support of the pending North and South Hillsboro UGB expansion.

Respectfully submitted:

CITY OF HILLSBORO:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line and a small flourish.

Jerry Willey, Mayor

Attachments:

### Definition of Industrial Large Lot Need

Information submitted into the record for Metro Ordinance No. 11-1264 raise questions about the definition of *large industrial lot* and whether a 20-year regional land need for large lots has been demonstrated to support two Metro COO recommendations that 330 acres north of Hillsboro be added to the Metro UGB for large lot industrial land.<sup>1</sup>

The 2009-2030 Urban Growth Report (UGR) discusses but does not pick a firm definition (specific size) of large industrial lots.<sup>2, 3</sup> Large lots are described in the UGR as "... greater than 25 gross acres..."<sup>4</sup> The Metro UGR Appendix 4: *Forecast-Based Large Employer/Large Lot Analysis* states: "Large parcels were defined as 25 acres or larger."<sup>5</sup> A general UGR theme is that large lots have 25 acres or more acres, but there is not a firm definition of "large lots" established in the UGR.

The Metro Policy Advisory Committee (MPAC) formed a subcommittee in 2010 to look at the issue of large lots. In a memorandum of May 5, 2010 this MPAC Employment Subcommittee defined large lot as "... in large lot configurations (more than 50 buildable acres in a single site)..."<sup>6</sup> Based on industry expert input and reports, the Subcommittee also recommended a need for 200-1500 acres of additional UGB land for large industrial sites.

Based on the foregoing sources of large industrial sites needs, the Metro UGR analysis describes three industrial large lots categories: 25-50 acres; 50-100 acres; and, 100+acres in size and concludes that: 1) there is sufficient land within the existing UGB to address large lots in the 25-50 acre range<sup>7</sup>; and, 2) *there is a deficiency of 200-1500 acres for large lots with 50 or more acres for industrial.*

The COO Recommendations (twice) on large-site industrial capacity recommend that 310 acres (modified to 330 acres) be added to the UGB to meet the latter large industrial sites need.<sup>8</sup> **Specifically, UGB Condition 3 of Metro Ordinance 11-1264 pertaining to that Area will require the creation of at least two 50-acre and one 100-acre large lot industrial parcels<sup>9</sup> within the 330 acres added to the UGB in response to the low end of the identified large industrial site need range of 200-1500 acres (alternatively, 200-800 acres) to be addressed by UGB expansion.**

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<sup>1</sup> 1000 Friends of Oregon Testimony, October 6, 2011.

<sup>2</sup> Metro 2009-2030 Urban Growth Report; APPENDIX 13 A13-1 – A13-4.

<sup>3</sup> Metro 2009-2030 Urban Growth Report, p.58.

<sup>4</sup> Id. p 58.

<sup>5</sup> Metro 2009-2030 Urban Growth Report; APPENDIX 4 A4-5.

<sup>6</sup> Memorandum, Final Report to MPAC on Addressing Large Industrial Site Demand, May 5, 2010, p. 1.

<sup>7</sup> Metro 2009-2030 Urban Growth Report, p.86.

<sup>8</sup> Community Investment Strategy; Building a Sustainable, Prosperous and Equitable Region; Recommendations from Metro's Chief Operating Officer, July 5, 2011, p.14.

<sup>9</sup> Metro Ordinance 11-1264, October 6, 2011.

### **Need for Industrial Large Lots**

The two COO Recommendations and Metro UGR focus on a regional need for large industrial sites of 50 acres and above. The Recommendations and UGR conclusion are supported by a *City of Hillsboro Draft Economic Opportunities Analysis & Long-Term Urban Land Needs Assessment* ("EOA") already in the UGR Record. The EOA identified need for large industrial lots of 50 acres and above to support the long-term land needs of the high tech, silicon solar manufacturing and bio-pharma industry sectors in the Western portion of the Region.

Specifically, only for these three industry sectors of the Regional the EOA identified the following long-term land need for large industrial sites (50-100 acres; 100 acres and larger) under low, medium and high growth rates for these sectors as follows:

- One (1) site (Baseline Scenario), four (4) sites (Medium Scenario ), or seven (7) sites (High Scenario); and,
- Three (3) sites (Baseline Scenario), one (1) sites (Medium Scenario), or three (3) sites (High Scenario) of 50-100 acres for large lot industrial.<sup>10</sup>

The COO Recommendations to add 330 acres in the North Hillsboro Area to the UGB for large industrial sites are responsive to the identified large lot needs for these key three industry sectors which are regional economic growth drivers.

In contrast, the 1000 Friends testimony appears focused on large lots of 25+ acres across other employment categories; i.e., retail, institutional, flex, general industrial and warehouse/distribution with a particular focus on institutional users. Although the UGR has concluded that there is not a need for large lots in the 25-50 acre range for retail, office and institutional (medical); it has stated a land need for industrial parcels containing 50 acres or more for industrial.

### **Other Large Industrial Site Need Documentation in the UGB Record**

#### ***Regional Large Employers***

The URG has forecasted large employer preference for large lots. Two growth scenarios - high and low growth - were developed. Within the 50-100 and 100-plus site categories (for Warehouse/Distribution, General Industrial and Tech Flex) the high growth scenario identified need for 14 large lots; the low growth scenario identified a need of 11 lots.<sup>11</sup> When large lots for business parks are added to the preceding the number of large lots increases to 16 for the high growth and 13 for the low growth scenario.<sup>12</sup>

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<sup>10</sup> City of Hillsboro 2011 Large Lot Industrial UGB Expansion Study Area Findings, Submitted October 6, 2011, Attachment A, Figure 27

<sup>11</sup> Metro 2009-2030 Urban Growth Report, Tables 22 & 23, p.60.

<sup>12</sup> Metro 2009-2030 Urban Growth Report, Table 26, p.62.

### ***Large Industrial Siting Prospects***

Information has been submitted into the Metro record on prospects that have evaluated the region for large lot (50+ acres). Between 2007-2009 eleven prospects were identified for which the City of Hillsboro tracked for sites ranging from 50 acres to 800 acres.<sup>13</sup> This verifies there is external demand with one of the site selection variables, site size, to meet the end users need.

### ***Market Choice***

Johnson Reid LLC prepared a case study of other national competition regions and their inventory of large lot industrial land.<sup>14</sup> The Johnson Reid study and the Metro data for the Portland Metro area describes the Region's weak competitive position in the global competition for large new industrial companies in the high tech, bio-pharma and silicon solar manufacturing industry sectors due to a severe lack of large, development-ready and suitable industrial sites when compared to other competing areas in the US.

A second analysis by Johnson Reid on West Washington County competitive large industrial site supply further tabulates this sub-region's large industrial site supply against competitive regions.<sup>15</sup> The memorandum underscores that even with land assembly in West WashCo the area is significantly behind its competitor regions in having available, development-ready 50 acre plus sites suitable for high tech, bio-pharma and silicon solar manufacturing.

### ***Clustering/ Spinoff Effect/Supply Chain from Large Lot Users***

Large lot traded sector companies are a driver for economic prosperity. Appendix 3: Industry Cluster Forecast identifies the 5 clusters within the region based on PDC categories.<sup>16</sup> Some of these cluster companies are large lot users with examples of Intel, Genentech and Solar World.

These companies also drive spinoffs as reflected in the Silicon Forest Universe<sup>17</sup> and drive supply chains for smaller industrial companies and other sectors of the economy. As stated in a document prepared by the City of Hillsboro Economic Development Department "Traded-sector manufactures tend to cluster, leveraging common supply chains, freight corridors, a pool of skilled workers and well organized training resources. They prefer larger sites with no history of previous industrial activity."<sup>18</sup>

This document goes on to state "Manufactures buy materials and services from a wide array of local companies, many located in other parts of the region and state. In some cases, these local companies can become part of global industrial supply chains, opening up market opportunities otherwise out of reach."<sup>19</sup>

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<sup>14</sup> City of Hillsboro 2011 Large Lot Industrial UGB Expansion Study Area Findings, Submitted October 6, 2011, Attachment B.

<sup>15</sup> Johnson Reid, West WashCo./Metro Region Competitive Large Industrial Site Supply, March 31, 2011.

<sup>16</sup> Metro 2009-2030 Urban Growth Report; APPENDIX 3 A3-3 thru A3-3.

<sup>17</sup> Silicon Forest Universe, Portland State University.

<sup>18</sup> An Economic Win for the Region, City of Hillsboro Economic Development Department, p1.

<sup>19</sup> Id. p. 1

The supply chain impacts of large lot users have also been documented. A 2011 study commissioned by Intel, a large lot user, describes the economic impacts of its operations in Washington County, the Portland region and State of Oregon.<sup>20</sup>

### Supply of Large Lots

Testimony has been submitted into the record that there are 53 large lots with Title 4 Designation having been added to the UGB.<sup>21</sup> Clarification is necessary: the information applies to all *lots larger than 25 acres* and not specifically to large lots 50 acres and above as recommended by the COO.

The UGR indicates that there are 50 lots (vacant/net buildable) above 25 acres within the categories of industrial and commercial within the UGB. Within the industrial category there are 38 lots with 10 above 50 acres (six in the 50-100 acre range and 4 above 100 acres).<sup>22</sup>

Additional testimony by 1000 Friends indicates there are "... **13 very large lots** inside the UGB."<sup>23</sup> Review of Table 31 in the UGR indicates that there are 13 (vacant/net buildable) lots within the UGB. Three (3) of these though are attributed to commercial and not industrial use.<sup>24</sup> Within the industrial category there are 6 lots between 50-100 acres and 4 lots above 100 acres.

What's unclear about all of this large lot data is: how many of the lots total (25+ acres) or 50+ acres are constrained by lack of cost effective infrastructure, willing sellers, site suitability and location needs of particular industry sectors, development ready or environmentally constrained (including industrial brown-fields clean-up status and constraints), etc. These site characteristics and features are not considered in testimony assertions that the UGB has a sufficient supply of needed industrial large sites. Under State Goal 14 and related Oregon Administrative Rules, the determination of UGB land need must address more than just the raw number of needed large industrial sites (per Goal 14 Factor 1); it must also *demonstrate* that existing and proposed additional UGB large industrial sites are *suitable* for the types of identified industrial land need (per Goal 14 Factor 2).

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<sup>20</sup> Economic Impacts of Intel's Oregon Operation, 2011.

<sup>21</sup> 1000 Friends of Oregon Testimony, October 6, 2011, pp. 3-4.

<sup>22</sup> Metro 2009-2030 Urban Growth Report, Table 31, p.82.

<sup>23</sup> 1000 Friends of Oregon Testimony, October 6, 2011, pp. 4.

<sup>24</sup> Metro 2009-2030 Urban Growth Report, Table 31, p.82.





# Oregon

John A. Kitzhaber, M.D., Governor

**Department of Land Conservation and Development**

**Community Services Division**

**Portland Metro Regional Solutions Center**

1600 SW Fourth Ave., Suite 109

Portland, Oregon 97201

p: 503.725.2182

e: [anne.debbaut@state.or.us](mailto:anne.debbaut@state.or.us)

[www.oregon.gov/LCD](http://www.oregon.gov/LCD)

September 23, 2011



Tim O'Brien, Principal Regional Planner  
Metro  
600 NE Grand Avenue  
Portland, Or 97232

SENT VIA E-MAIL

Re: Metro's Proposed Urban Growth Boundary Amendment (Metro Ordinance No. 11-1264; DLCD PAPA 001-11)

Dear Tim,

Thank you very much for your recent submittal of Metro Ordinance No.11-1264 for the adoption of an urban growth boundary (UGB) amendment based on the Urban Growth Report 2009-2030 (UGR). We anticipate reviewing this proposal together with the previously submitted Ordinance No. 10-1244B that addressed half of the housing needs identified in the 2009 UGR and including other related capacity amendments.

Based on our preliminary review of the proposed UGB amendment, we would like to highlight several issues and concerns that you may want to consider as you proceed through the upcoming Council hearings and develop findings.

#### Population Forecast

We are unable to review whether the analysis of residential land need complies with the requirements of Goals 10 and 14 and ORS 197.296 because the region has not yet settled on a regional population forecast for the end of the planning period. OAR 660-024-0040(4) states:

The determination of 20-year residential land needs for an urban area must be consistent with the adopted 20-year coordinated population forecast for the urban area, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8 and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.

We understand the current range forecast will be narrowed to a point as the matter proceeds through Council hearings. Many conclusions regarding housing and residential

land needs are necessarily made subsequent to the decision on the population forecast, so we presume the housing and residential land needs analyses will be revised as appropriate when a point forecast is adopted.

#### Residential Land Inventory and Redevelopment/Infill

Residential land is generally guided by Goals 10 and 14, OAR chapter 660, divisions 7 and 24, and ORS 197.295–197.670. Appendix 8 includes the analysis fulfilling the requirements for a residential buildable lands inventory, but these data and findings only “inform” the Urban Growth Report, they do not directly constitute it. After reviewing the inventory and data in Appendix 8, it is not clear there has been adequate and efficient accommodation of capacity proposed within the existing UGB. For example:

1. Areas added to the UGB after 1997 were not considered part of the vacant land supply within the UGB and were determined to have different potential dwelling unit densities. Only half of the capacity in these new urban areas was deemed to be market feasible by the year 2030; and
2. The Urban Growth Report assumes a 33 percent capture rate for redevelopment and infill (“refill”). If this capture rate were applied to the dwelling unit demand at the high end of the forecast range of approximately 300,000 units, the 33-percent rate yields approximately 100,000 dwelling units, which is significantly less than the Appendix 8 analysis of estimated refill capacity of approximately 148,000 units.

The links between Appendix 8 (“Needed Housing” tables) and the Urban Growth Report, the redevelopment analysis and buildable land inventory of “New Urban Areas” and the adequacy of efficiency measures may need further clarification.

#### Employment Land

Employment land planning in Oregon is generally guided by Goal 9 and OAR chapter 660, division 9. Metro is not required to follow the land need determination portion of Goal 9 and its administrative rule. Nevertheless, we believe these provisions may prove instructive for Metro’s consideration of Goal 14, factor 2 for accommodation of a 20-year supply of employment land, and to help ensure the cities within Metro can reasonably carry out their responsibilities under the goal.

The intent of Goal 9 and its administrative rule is to ensure that communities have employment sites to provide adequate opportunities for a variety of economic activities. This requires that the plan be based on market realities and analysis of expected future conditions.

One of the products of comprehensive planning under Goal 9 is the total land supply, generally expressed in suitable sites, but it could be an acreage figure.<sup>1</sup> The estimation of

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<sup>1</sup> OAR 660-009-0005(13) defines “total land supply” as “the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply

total land supply is the result of a series of policy choices. It is not a formula, a forecast or an allocation. The work is to explore options and assemble the facts needed to inform the policy choices.

OAR 660-024-0050(1) can reasonably be read to require Metro to conduct an employment land inventory according to the requirements of OAR 660-009-0015.<sup>2</sup> This requirement may include the standards of expected use, site types, site suitability, and short-term supply that are fundamental to an Economic Opportunity Analysis conducted under OAR 660-009-0015. At least one objection to Metro's Capacity Ordinance raises this point. Although Metro has done considerable analysis, it is not clear that the analysis was done in a way to comply with OAR 660-009-0015. Metro, the Port of Portland, Portland Business Alliance, Business Oregon and the Oregon Chapter of NAIOP are undertaking a comprehensive review of the region's inventory of large industrial sites and assessing their readiness to support new private-sector jobs. Metro may find it useful to include this source of information if it is to comply with the employment land inventory obligation regarding site development constraints and the availability of short term supply that is ready for construction within one year of application for a building permit.

A specific portion of Metro's analysis regarding the manufacturing sector raises questions about Metro's obligation to be consistent with state of Oregon economic development policies, even if only as a question of coordination under Goal 2. Metro estimates a limited demand for sites for manufacturing, particularly large-lot industrial sites. According to Business Oregon, manufacturing is one of Oregon's strategic industries and doing well in the Metro region. The national decline in manufacturing employment may not translate directly to employment land need in the Metro region.<sup>3</sup>

The inventory, large-lot and manufacturing issues were the subject of one or more objections to the capacity ordinance with the most significance to UGB deliberations. As noted above, these objections will be included in the employment land portion of the review of the UGB and its underlying capacity ordinance. We recognize that these employment land issues are difficult, complicated and interrelated. We look forward to working together as the process moves forward.

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includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land." OAR 660-009-0005(1) defines that "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.

<sup>2</sup> OAR 660-024-0050(1): "When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. \* \* \* *For employment land, the inventory must include suitable vacant and developed land designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015.* (emphasis added)

<sup>3</sup> There is no direct linkage between employment land demand and the regional population forecast, especially for industrial land.

Urban Growth Boundary Study Areas

The July 5, 2011 COO's recommendations for the 2011 growth management decision identifies the areas Metro considered for possible UGB expansion. We find no explanation of how these study areas were identified. This is important because Oregon Administrative Rule (OAR) 660-024-0060(1) states:

- (a) Beginning with the highest priority of land available, a local government must determine which land in that priority is suitable to accommodate the need deficiency determined under OAR 660-024-0050.
- (b) If the amount of suitable land in the first priority category exceeds the amount necessary to satisfy the need deficiency, a local government must apply the location factors of Goal 14 to choose which land in that priority to include in the UGB.

The "highest priority of land available" for Metro to consider is urban reserves. The study areas do not, however, incorporate all available urban reserve land. The findings will need to address why certain areas were not considered or, even more appropriately, apply Goal 14 location factors to the entirety of the urban reserves.

Please enter these comments into the record for this plan amendment and the proceedings of the October 6, 2011 Metro Council hearing.

Regards,



Anne Debbaut  
Metro Regional Representative

cc: Richard Benner, Metro (*e-mail*)  
John Williams, Metro (*e-mail*)  
DLCD: Jennifer Donnelly, Rob Hallyburton, Tom Hogue, Angela Lazarean,  
Darren Nichols, and Jim Rue (*e-mail*)  
Richard Whitman, Natural Resource Policy Director, Governor's Office (*e-mail*)



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## Intel's thundering footfall

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By The Oregonian Editorial Board



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Construction on Intel's D1X research factory in Hillsboro, as of July. The \$3 billion facility, scheduled to open in 2013, represents a sustained commitment by Intel to its Oregon operations.

Back in the '70s, when **Intel** called the San Francisco Bay Area home, the chip maker wasn't contemplating a move to Oregon because it liked the rain or because its workforce could find easy access to skiing and surfing. Instead it was unable to count on a steady, affordable energy supply in California while deciding it could count on our abundant, inexpensive electricity; good public schools; and an Oregon workforce it viewed as ready, willing and prideful.

It has worked out pretty well, challenges in public education notwithstanding. The company, which started small in Aloha, now has several campuses centered in Hillsboro but a statewide fiscal footfall that thunders. A **report this week** shows more

than 5 percent of all economic activity in Oregon derives from Intel's work here.

The company in 2009 employed more than 15,150 people at average gross salaries of more than \$117,000 each, dwarfing the average Washington County private-sector salary of \$52,200 and Oregon salary of about \$40,000. That \$1.8 billion payroll then filtered into retail consumption and home-buying – and yet even it was dwarfed by \$5.4 billion the company spent in the same year on utilities and goods and services furnished in good measure by Oregon businesses. The ripple effect runs deep as well as statewide.

But you often hear Oregon proudly referred to as a small-business state. It's true enough. We celebrate the can-do attitude that launches so many fit-for-fighting outfits that, when conditions allow, create handfuls of jobs as they expand. Yet in many instances those businesses work in corresponding prosperity with giants such as Intel, in need of their goods and services.

Critics decry tax breaks favoring the big guys, saying they starve public schools of revenue and have helped to force the quality of Oregon public education downward. A 2005 tax deal that went into effect last year will indeed save Intel \$579 million over 15 years, **The Oregonian's Mike Rogoway reports.**

That's real money. But it's money spurring profitable investment here, evidenced by Intel's decision to build a \$3 billion research factory in Hillsboro that will open in 2013. It shows a commitment, too, that may well have helped Intel move ahead with creating 1,100 more jobs since 2009.

This week the **Port of Portland**, which many associate only with ships and rivers, wisely seeks to buy a landlocked 222-acre parcel in Gresham for \$26.5 million. The Port has no client to build upon it. It has been working on an agreement with Gresham to market and develop the land for manufacturing, warehousing, distribution. This would be wholly unsuitable for Oregon's hallmark small businesses. But it would expand the region's slim portfolio of development-ready industrial sites, places where large businesses can invest and, if things go right, create jobs.

It has worked with Intel. And the story doesn't stop at jobs. Any industry choosing the land near the former LSI Corp. site in Gresham would have ready, willing and prideful Oregonians earning incomes they would spend, fueling other businesses. And at just a sliver of Intel's scale, such an industry would directly engage Oregon vendors, sending out ripples of its own.

The relationship of big business to small business works in fine balance. Fostering it -- as well as tax and regulatory structures that make Oregon inviting and create wider public benefit -- will frame our economic prospects going forward.

We can do both and must remain committed to both. It's not just about the money. It's a matter of pride.

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October 18, 2011

By Email and Regular Mail

Hon. Tom Hughes, President,  
And Metro Councilors  
600 NE Grand Avenue  
Portland, OR 97232  
ATTN: Dan Cooper, Acting Metro COO and Dick Benner, Metro Attorney

**Re: Supplemental City of Hillsboro Submissions for Consideration by Metro Council on Ordinance 11-1264**

Dear President Hughes and Metro Councilors:

By separate cover on October 18, 2011 Mayor Jerry Willey submitted testimony responding to 1000 Friends of Oregon's challenges to Metro's proposed 2011 UGB expansions. Our Mayor's letter and attachments respond to testimony provided at your Oct. 6 public hearing in opposition to pending North and South Hillsboro UGB expansions.

By this letter we are transmitting additional documents for inclusion in the UGB Record. Please include them as city of Hillsboro testimony pertaining to, and submitted for, your October 20, 2011 hearing on pending Metro Ord. 11-1264A.

Based on review of the record, we submit the following documents in support of the proposed North (Area 1) and South (Area 2) Hillsboro for inclusion in the record in the above-referenced ordinance and consideration by Metro Council in making its decision. Given the size of the documents, all of them can be downloaded from our following FTP site: <ftp://ftp.ci.hillsboro.or.us/Planning/UGB-TESTIMONY/>. The following is a list of documents posted to our ftp site by area with a brief description of each document:

**North Hillsboro:**

- ***Economic Impacts of Intel's Oregon Operations, 2009; ECONorthwest (October, 2011)*** – This recently published report updates information on Intel's economic impact on the Region and State of Oregon. A cover sheet is included that provides a one-page overview of the corporation's Oregon operations.
- ***City of Hillsboro, An Economic Win for the Region (2010)*** – This two-page fact sheet provides an overview of the benefits of capital-intensive, traded-sector manufacturers in the Region and the context for recruitment of new and expanded business opportunities.

- ***City of Hillsboro 2007-2009 Industrial Siting Prospects (December, 2009)*** – This list of potential new companies looking for a home in the Metro Region was produced jointly by the Hillsboro Economic Development Department and Business Oregon. It demonstrates the continuing interest in large industrial/manufacturing sites on the Region's Westside.
- ***North Hillsboro 2011 Industrial UGB Acreages (October, 2011)*** – This chart and accompanying methodology illustrate the gross versus net useable number of acres associated with UGB expansions that have occurred in North Hillsboro since 2002.
- ***City of Hillsboro 2011 Large Lot Industrial UGB Expansion Study Area Findings (May, 2011)*** – This material was submitted electronically and as hard copy to Metro at the October 6, 2011 public hearing for inclusion in the record. The packet includes an extensive list of attachments addressing large lot industrial and other general industrial land needs in the Region.
- ***Response to Testimony of Mark Greenfield comparing UGB Expansion Sites 8A and 8B (September, 2011)*** – This information was supplied to Metro Counsel in response to the referenced testimony.

#### **South Hillsboro:**

- ***The South Hillsboro Community Plan (2/22/2008)*** – This is the complete Community Plan for South Hillsboro as endorsed by the City of Hillsboro Planning Commission and City Council. It was recently brought to our attention that the entire Plan was not included in the record. Instead, an Overview (*South Hillsboro Community Plan, SoHi Overview*, Spring, 2010) prepared by the two primary property owners (and, thus, not endorsed by the City) is the only document in the record.
- ***The Joint Planning Commission Resolution No. 1670-P/City Council Resolution No. 2257 Endorsement of South Hillsboro Community Plan & Urban Reserves Designation (May 29, 2008/June 17, 2008)*** – Official joint resolution of the City of Hillsboro Planning Commission and City Council endorsing the South Hillsboro Community Plan (2/22/2008).
- ***Memorandum from Doug Rux to city staff regarding Draft SoHi Estimated Construction Costs and SDC Revenue Update, October 18, 2011 (with attached table and Concept Plan Infrastructure Map)*** – Infrastructure cost estimates included as part of the South Hillsboro Community Plan and previously submitted to Metro were conducted in 2007. The city and its partners have undertaken an update of these estimates through a series of meetings with the Partners, City of Hillsboro departments and outside agencies. The memorandum outlines the process to date and the attached table provides cost and SDC/TDT Revenue estimated at build out (20 years) based on 2011 values. The draft Concept Plan Infrastructure Map illustrates the locations of generalized concept plan land uses (including parks and schools), nearby sewer and water mains and significant natural resources in the planning area.



- ***Land Evaluation Site Assessment for the Butternut Creek (Hanauer) Property, T1S R2W Section 14, Tax Lot 1900 2008 Kennedy/Jenks Consultants land evaluation memo of Butternut Creek, Kennedy/Jenks Consultants (February 13, 2008)*** – This report is useful to address Factors 3 (Environmental, Energy, Economic and Social Consequences) and 4 (Compatibility of proposed uses with nearby agricultural and forest activities), in that it provides an evaluation of agricultural potential conducted for the 190-acre Butternut Creek (Hanauer) Property). As outlined in the report, the Butternut Creek Property has not had active agricultural use for many years and is an overgrown nursery. Because of the cost of soil remediation and inability to obtain irrigation water, it is unlikely that the property would be returned to agricultural use. The report also analyses the surrounding property uses, which includes mostly large lot residential and very little active agricultural use north of Murphy Lane.
- ***Joe Hanauer's October 6, 2011 testimony to Metro*** – Provides an overview of the following item.
- ***Housing Supply and Demand Analysis for West Washington County, Portland MSA, OR, GU Krueger HousingEcon.com (May 31, 2011)*** - The study examines how long the current oversupply in west Washington County will continue to provide sufficient housing supply given anticipated demand. The study considers the estimated current housing oversupply in the target area (including the impact of foreclosures on vacant housing stock), existing new homes in subdivisions currently for sale and a pipeline of proposed developments. Using employment patters, the study tests when this total housing supply could be absorbed by expected new housing demand in West Washington County. Results show that west Washington County will experience a housing shortage between 2013 and 2015.
- ***October 13, 2010 Johnson Reid memorandum to city staff regarding: Impact of South Hillsboro on Tanasbourne/AmberGlen*** – The memorandum explains why the inclusion of South Hillsboro into the UGB will not negatively impact the city's aspirations for Tanasbourne/AmberGlen. Reasons include:
  - Different timing for development (South Hillsboro by 2013/2015 and Tanasbourne/AmberGlen in 5-10 years).
  - Different housing types and densities.
  - Different target markets.
  - Public investment (e.g. urban renewal) for Tanasbourne/AmberGlen versus mostly private investment for South Hillsboro.
- ***Metro's UGB history map (June 2011)*** – To address Factor 5 (equitable and efficient distribution of housing and employment throughout the region), this map illustrates how previous significant residential UGB expansions have occurred on the east side of the Metro region. With existing and expected job growth, additional housing is needed on the Westside.

- ***Supply and Demand 3 Scenarios*** – *The West Washington County Housing Analyses* uses job growth rate of 1.2% in 2011, 2% in 2012, with slightly slower growth in 2013-2015. The 3 Scenarios adds two additional scenarios: (1) half the predicted growth rate; and (2) no growth until 2013 and then 1.75% job growth rate. Even with reduced projected job growth, there will be a housing shortage in West Washington County between 2014 and 2016.

Thank you for consideration of this testimony and receipt of the referenced documents.

Sincerely,

CITY OF HILLSBORO PLANNING DEPARTMENT:

A handwritten signature in black ink, appearing to read "Patrick Ribellia", written in a cursive style.

Patrick Ribellia, Planning Director

cc: Tim O'Brien (Tim.O'Brien@oregonmetro.gov)  
Jessica Atwater ([jessica.atwater@oregonmetro.gov](mailto:jessica.atwater@oregonmetro.gov))



# Economic Impacts of Intel's Oregon Operations, 2009

**Prepared by**  
**ECONorthwest**

The KOIN Tower  
222 SW Columbia Street  
Suite 1600  
Portland, OR 97201  
[www.econw.com](http://www.econw.com)

October 2011

# **ECONOMIC IMPACTS OF INTEL'S OREGON OPERATIONS, 2009 OCTOBER 2011**

## **1. INTRODUCTION**

Intel Corporation ("Intel") commissioned ECONorthwest<sup>1</sup> to estimate the economic impacts associated with Intel's Oregon operations. This is the third analysis of Intel's economic impacts in this state. ECONorthwest issued its first analysis, covering Intel's Oregon operations from its inception in 1974 through 1997, in October 1998. The second analysis covered the 1998 to 2001 time period, and was released in February 2003. This current effort measures the economic impacts associated with Intel's Oregon operations between 2005 and 2009, with a focus on the economic impacts in 2009.

The remainder of this report has two sections. The first section provides an explanation of economic impact modeling and terminology, and highlights the key findings of our analysis. The second section provides additional background information about Intel's Oregon operations.

## **2. ECONOMIC IMPACT METHODS AND KEY FINDINGS**

Economists have developed several approaches for measuring the economic impacts or contributions of companies on the communities in which they operate. The most common method estimates the economic impacts associated with the company's spending on payroll, non-payroll goods and services, capital investments, and contributions and taxes. This method is often referred to as the "expenditure approach."

The expenditure approach is typically conducted within an input-output modeling framework. Input-output models provide a comprehensive picture of the economic activities in a given area using mathematical relationships that describe the flow of resources and commodities between local and non-local industries, households, and final users of goods and services. This input-output modeling framework is packaged into an economic impact modeling software program called IMPLAN (for "IMpact Analysis for

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<sup>1</sup> This report was prepared for Intel by staff at ECONorthwest's Portland, Oregon, office. The methodologies employed in this analysis are similar to those used in the 1998 and 2003 studies. Alec Josephson, senior economist, was the primary author of this report. He received valuable assistance from Carsten Jensen, research analyst. Mr. Josephson can be reached by phone at (503) 222-6060, or by email at [josephson@portland.econw.com](mailto:josephson@portland.econw.com).



PLANning”).<sup>2</sup> The IMPLAN economic impact software was used in this analysis.

Economic impact analysis employs specific terminology to identify the different types of economic impacts. The *direct* impacts are those associated with the payroll and employment at Intel. They also include the direct output of Intel’s activities in Oregon, which is estimated using labor and non-labor operating expenses.

Intel generates *indirect* impacts through the purchases of goods and services from other Oregon-based businesses. These businesses will, in turn, purchase a wide array of intermediate goods and services necessary to operate. Because these purchases represent interactions among businesses, indirect effects are often referred to as “supply-chain” impacts. The direct and indirect increases in employment and income enhance overall economy purchasing power, thereby *inducing* further consumption and investment-driven stimulus. These induced effects are often referred to as “consumption-driven” impacts.

Intel’s economic impacts are measured at three geographic levels. First, we consider the economic impacts of Intel on the Washington County economy, where they are the most direct and immediate. We then examine the spillover effects of Intel’s Washington County operations on the three-county Portland metropolitan area<sup>3</sup> and other parts of the state. Economic impact models were built for each study area using 2008 IMPLAN data.

Intel’s economic impacts can be measured in several ways. This report focuses on three of the most common and useful measures:

1. **Output** represents the value of goods and services produced. This is the largest, most encompassing measure of economic activity and includes personal income (discussed below);
2. **Personal income** consists of total payroll costs (including bonuses and benefits) paid to workers as well as self-employment income earned by individuals; and
3. **Jobs** represent the number of people working full- or part-time jobs.

Under an expenditure approach, Intel’s economic impacts in Oregon are attributed to its operating expenditures (payroll and non-payroll operating expenses), capital spending, and contributions and taxes.

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<sup>2</sup> The IMPLAN model is widely used and well respected. The United States Department of Agriculture (USDA) recently recognized the IMPLAN modeling framework as “one of the most credible regional impact models used for regional economic impact analysis,” and, following a review by experts from seven USDA agencies, selected IMPLAN as its analysis framework for monitoring job creation associated with the American Recovery and Reinvestment Act (ARRA) of 2009.

<sup>3</sup> The Portland metropolitan area consists of Washington, Multnomah, and Clackamas counties.

The key findings from this study include:

1. In 2009, the **total economic impacts** attributed to Intel's operations, capital spending, contributions and taxes amounted to almost \$14.6 billion in economic activity, including \$4.3 billion in personal income and 59,990 jobs in Washington County. These combined economic impacts are shown, by region, in Table 1.

Intel's products are sold throughout the world. As a result, almost all of the revenues used to support Intel's Oregon operations are from non-Oregon sources that, *but for* Intel's presence in Oregon, likely would have accrued to businesses outside of the state. As such, the economic contributions associated with Intel represent *net* gains for the economy.

**Table 1: Economic Impacts of Intel's Operations, Capital Spending, Contributions, and Tax Payments, 2009 (in 2009 dollars)**

Impact Area / Type of Impact	Direct	Indirect	Induced	Total
<b>Washington County</b>				
Output	\$7,122,733,000	\$5,119,297,000	\$2,353,066,000	\$14,595,096,000
Personal Income	\$1,775,599,000	\$1,806,181,000	\$735,871,000	\$4,317,651,000
Jobs	15,150	26,250	18,590	59,990
<b>Portland Metro</b>				
Output	\$7,122,733,000	\$6,356,317,000	\$3,303,584,000	\$16,782,634,000
Personal Income	\$1,775,599,000	\$2,218,983,000	\$1,053,300,000	\$5,047,882,000
Jobs	15,150	38,090	28,470	81,710
<b>Oregon</b>				
Output	\$7,122,733,000	\$6,493,013,000	\$3,722,376,000	\$17,338,122,000
Personal Income	\$1,775,599,000	\$2,612,252,000	\$1,164,795,000	\$5,552,646,000
Jobs	15,150	42,290	31,710	89,150

The economic impacts associated with Intel's operations in Hillsboro, Oregon, are not limited to Washington County. Indeed, Intel's operations also generate significant spillover impacts for businesses and households in the three-county Portland metropolitan area and elsewhere in Oregon. The total economic impact of Intel's 2009 combined operations include:

- \$16.8 billion in economic activity, including \$5.0 billion in personal income and 81,710 jobs in the Portland metropolitan area; and
- \$17.3 billion in output, including \$5.6 billion in personal income and 89,150 jobs in Oregon.

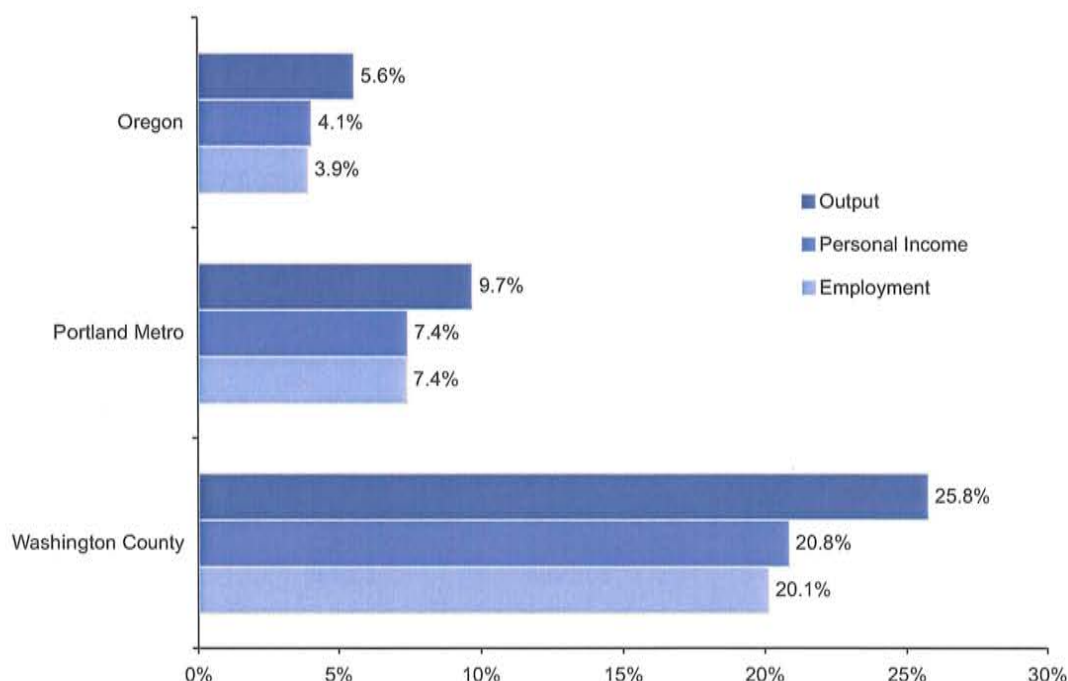
2. By almost any measure, the economic contributions of Intel are large. As shown in Figure 1, Intel's own contributions plus those attributed to supply-chain (indirect) and consumption-driven (induced) effects accounted for approximately 20.1 percent of total employment and 20.8 percent of total personal income in Washington County in 2009.

In 2009, the economic impacts associated with Intel accounted for approximately 9.7 percent of the total economic activity, and 7.4 percent of the total personal income and employment in the Portland metropolitan area. Similarly, the economic impacts that can be traced back to Intel accounted for approximately 5.6 percent of total



output, 4.1 percent of total personal income, and 3.9 percent of total employment in Oregon in 2009.

**Figure 1: Intel's Impacts as a Percent of Regional Totals, 2009**



3. Intel's largest economic contributions are attributed to their payroll and non-payroll operating expenses. In 2009, the direct economic impacts associated with Intel's Oregon operations amounted to \$7.1 billion in output, \$1.8 billion in personal income, and 15,150 jobs. These operating impacts, by type and by impact area, are shown in Table 2.

In 2009, Intel directly employed 15,150 persons. This is slightly less (-1.1 percent or -170 jobs) than Intel employed in 2007. In comparison, private covered employment in Oregon declined by 8.8 percent (a loss of 127,100 jobs) during the same time period.

In 2009, the average annual gross income for Intel employees was more than \$117,000. This is more than twice the average annual income of private, covered employees in Washington County (\$52,200) and almost three times greater than the average annual income for private, covered employees in Oregon (\$39,985).<sup>4</sup>

Moreover, nominal average annual incomes at Intel increased 17.8 percent over the 2005 through 2009 time period, compared to 10.4 percent for private, covered employment in Oregon.

<sup>4</sup> Average annual incomes were obtained from the Oregon Employment Department's OLMIS ("Oregon Labor Market Information System") website. See [www.olmis.org](http://www.olmis.org). County and state averages include Intel employment and, as a result, overstate annual average incomes for non-Intel private covered employment.

In addition to payroll, Intel also purchases a wide variety of goods and services necessary to operate. In 2009, non-labor operating expenses were an estimated \$5.4 billion, with much of this spending going for goods and services provided by Oregon-based business sectors, including utilities; wholesale and retail trade; business, professional, management, and employment services; and manufacturing. Importantly, the supply-chain relationships that start with Intel's purchases, and extends to a wide range of supporting industries, involves business sectors that pay above average wages. The average annual income for employees indirectly affected by Intel's non-payroll operational spending in 2009 is \$77,200 in Washington County, \$68,560 in Portland metro, and \$66,900 in Oregon.

**Table 2: Economic Impacts of Intel's Operations, 2009 (in 2009 dollars)**

Impact Area / Type of Impact	Direct	Indirect	Induced	Total
<b>Washington County</b>				
Output	\$7,122,733,000	\$3,208,612,000	\$1,918,293,000	\$12,249,638,000
Personal Income	\$1,775,599,000	\$1,114,669,000	\$600,186,000	\$3,490,454,000
Jobs	15,150	14,440	15,000	44,590
<b>Portland Metro</b>				
Output	\$7,122,733,000	\$4,160,380,000	\$2,613,917,000	\$13,897,030,000
Personal Income	\$1,775,599,000	\$1,429,535,000	\$835,507,000	\$4,040,641,000
Jobs	\$15,150	20,850	21,000	57,000
<b>Oregon</b>				
Output	\$7,122,733,000	\$4,289,615,000	\$2,818,856,000	\$14,231,204,000
Personal Income	\$1,775,599,000	\$1,538,937,000	\$879,179,000	\$4,193,715,000
Jobs	15,150	22,990	24,000	62,140

**4. Spending associated with Intel's Oregon operations generates "multiplier effects" that benefit workers and business owners in other sectors of the local, regional, and state economies.**

All of the impact measures described in Table 2 can be summarized across direct, indirect, and/or induced impact categories using mathematical formulae to measure and explain what economists refer to as the "multiplier effect."<sup>5</sup> Economic multipliers provide a shorthand way to better understand the linkages between a company and other sectors of the economy, i.e., the larger the economic multipliers, the greater the interdependence between a company's operations and the rest of the economy.

- **For Washington County, the employment multiplier associated with Intel's 2009 operations is 2.9.** Thus every ten direct jobs at Intel are linked, on average, to another 19 jobs elsewhere in Washington County.

<sup>5</sup> The economic impact multipliers reported here are called Type SAM multipliers and are calculated as: (direct + indirect + induced)/direct.



- **Intel's 2009 operations generate a statewide job multiplier of 4.1.** Thus, every ten direct jobs at Intel are linked, on average, to another 31 jobs in other sectors of the Oregon economy.<sup>6</sup>

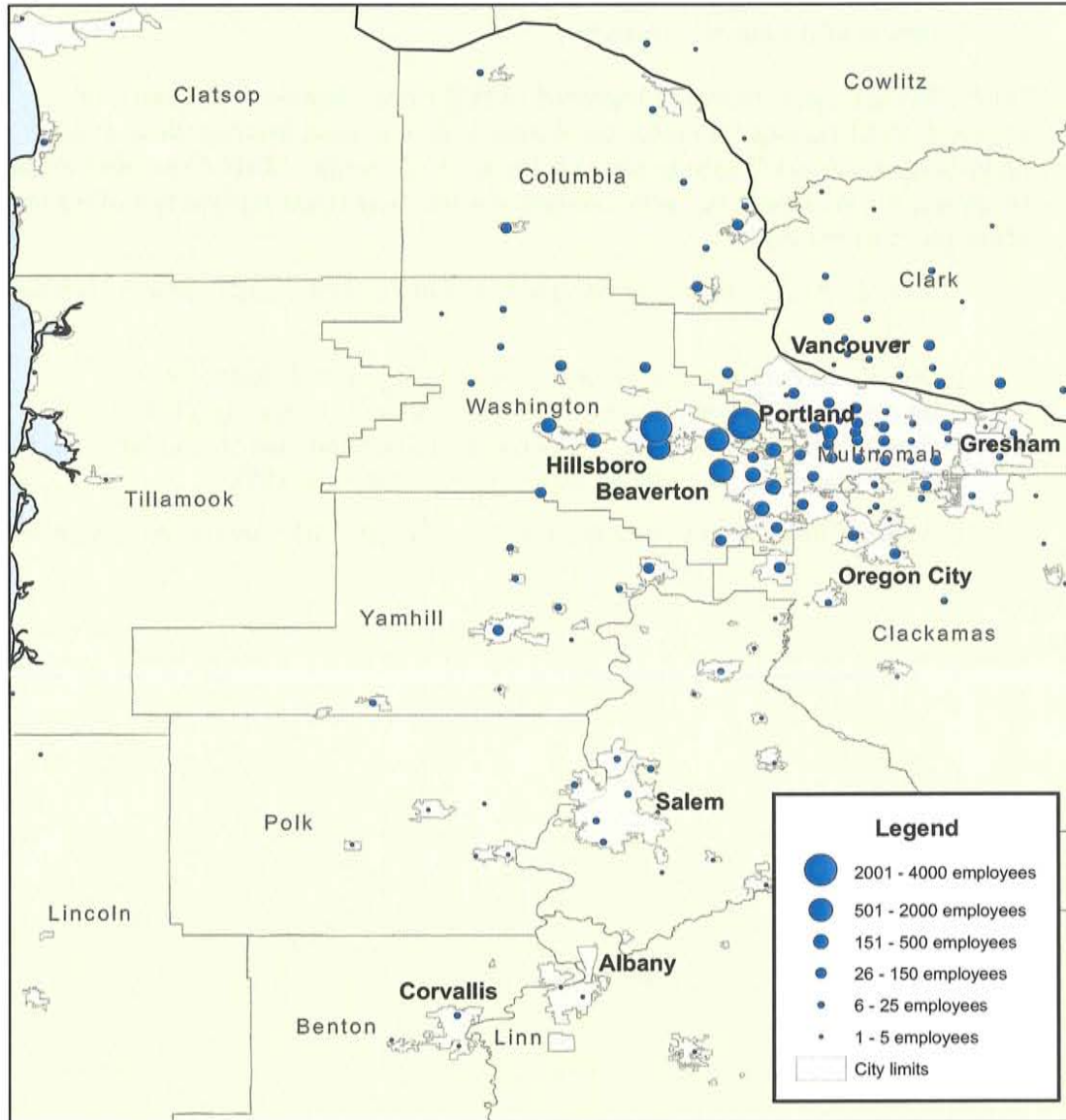
**5. Intel's Oregon operations are centered in Hillsboro. However, as shown in Figure 2, Intel employees reside throughout the Portland metropolitan area, including southwest Washington, and the state of Oregon. This dispersion helps to spread the economic impacts associated with their consumption spending to other parts of the region.**

- More of Intel's Oregon employees reside in Portland (5,325) than in Hillsboro (4,495).
- Outside of Portland and Hillsboro, Intel's Oregon employees live in Beaverton (3,273 employees), Forest Grove (375), Cornelius (198), Lake Oswego (183), Vancouver, Washington (180), Sherwood (119), Banks (116), North Plains (115), Saint Helens (90), and Scappoose (80).
- Almost 250 of Intel's Oregon employees live in Clark County, Washington.

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<sup>6</sup> For comparison purposes, the weighted average job multiplier across all industry sectors in Oregon is 1.85. (Calculated using IMPLAN 2008 data.)

**Figure 2: Geographic Distribution of Intel's Oregon Employees' Residences**



**6. Intel's capital investment in Oregon between 2005 and 2009 generated significant, positive economic impacts at a time when private sector employment, in general, and construction employment, in particular, suffered deep declines.**

Between 2005 and 2009, Intel invested approximately \$7.1 billion in its Oregon operations. Much of this spending went towards specialized equipment manufactured outside of Oregon, and, therefore, was excluded from the economic impact analysis. In addition, it's important to emphasize that Intel's capital spending varies from year to year and generates economic impacts that are temporary in nature and unfold as investment spending occurs. Despite these two considerations, the timing, mix, and level of Intel's capital spending in Oregon proved to be especially beneficial to the state's economy.

- **The timing of Intel's capital investments helped to offset job and income losses, and lagging private sector investment caused by the recession.<sup>7</sup>** Between 2007 and 2009, the Oregon economy lost over 127,100 covered, private sector jobs. Intel's investment in Oregon in 2009, when the state was struggling to recover from significant recessionary pressures, was approximately \$2.7 billion or nearly twice Intel's average annual investment between 2005 and 2009. The economic impacts associated with Intel's capital investments in Oregon in 2009 are shown in Table 3.<sup>8</sup>

**Table 3: Economic Impacts of Intel's Capital Spending, 2009 (in 2009 dollars)**

Impact Area / Type of Impact	Direct	Indirect	Induced	Total
<b>Washington County</b>				
Output	NA	\$1,877,533,300	\$416,654,300	\$2,294,187,600
Personal Income	NA	\$662,535,100	\$130,027,300	\$792,562,400
Jobs	NA	11,270	3,440	14,710
<b>Portland Metro</b>				
Output	NA	\$2,155,768,900	\$660,289,500	\$2,816,058,400
Personal Income	NA	\$755,757,400	\$208,511,400	\$964,268,800
Jobs	NA	16,610	7,240	23,850
<b>Oregon</b>				
Output	NA	\$2,161,904,700	\$873,333,600	\$3,035,238,300
Personal Income	NA	\$1,038,697,600	\$276,077,800	\$1,314,775,400
Jobs	NA	18,650	7,480	26,130

- **The mix of Intel's capital investments in Oregon benefited an industry sector that was significantly, negatively affected by the recession.** According to the Oregon Employment Department, the state's construction sector lost 41,500 jobs from its peak in March 2007 to February 2010. Jobs losses were greatest in the residential construction subsector, however, significant jobs losses also occurred in nonresidential construction and specialty trade contractors—two construction subsectors that benefit the most from Intel's capital investments. Indeed, most of the indirect impacts reported in Table 3 accrue to workers and business owners in the state's construction sector or in supply-chain related enterprises.
- **The level of Intel's capital investment was significant.<sup>9</sup>** On a cumulative basis, Intel's \$7.1 billion (nominal dollars) capital investment in Oregon

<sup>7</sup> According to the National Bureau of Economic Research, the national recession (dubbed the "Great Recession" because of the scale of economic decline) officially began in December 2007. Oregon lagged the nation going into the recession, experienced far greater levels of unemployment during the recession, and has lagged the nation coming out of the recession. According to the most recent statistics, the state of Oregon has the seventh highest unemployment rate in the nation. See the United States Department of Labor, Bureau of Labor Statistics, "Unemployment Rates for States," December 2010 (preliminary) <http://www.bls.gov/web/laus/laumstrk.htm>.

<sup>8</sup> There are no direct impacts associated with Intel's capital investments because capital spending generally facilitates, rather than directly generates, output.

<sup>9</sup> According to Intel staff, Intel's capital investment in Oregon totals approximately \$20 billion since its inception in 1974.



between 2005 and 2009 supported 40,500 jobs in Washington County, 65,670 jobs in the Portland Metropolitan area, and 71,960 jobs in Oregon. These employment impacts are spread out over the five-year time horizon depending on Intel's level of spending each year.

In addition to their historical capital investment in Oregon, in October 2010, Intel announced that it would invest an additional \$6 to \$8 billion to upgrade or expand manufacturing facilities in Oregon and Arizona. These investments include a new development fab in Oregon, called D1X, which is scheduled to start research and development activities in 2013. (See the artist rendering in Figure 3.)

**Figure 3: Intel's New Development Fab ("D1X") in Oregon**



Although Intel has not broken out investment spending between the various manufacturing facilities, Intel expects the investments, in total, will support 6,000 to 8,000 construction jobs, and will result in 800 to 1,000 new permanent high-tech jobs once they become fully operational. Many of these jobs will benefit workers in Oregon.

**7. Intel's economic impacts in Oregon include significant contributions to charities, nonprofits, and schools.**

Table 4 reports Intel's contributions to Oregon-based charities, nonprofits, and schools between 2005 and 2009. In total, Intel's contributions totaled \$7.5 million in Washington County, \$24.1 million in the Portland metropolitan area, and \$28.8 million in Oregon over the five-year period. In addition, Intel's contributions in Oregon increased by 19.0 percent between 2007 and 2009.

**Table 4: Intel's Contributions in Oregon, by Region, 2005 through 2009 (nominal dollars)**

Year	Washington County	Portland Metro	Oregon
2005	\$1,568,300	\$4,115,000	\$5,190,600
2006	\$1,229,300	\$4,298,000	\$5,284,400
2007	\$1,511,100	\$4,666,200	\$5,501,400
2008	\$1,374,000	\$5,294,500	\$6,319,200
2009	\$1,793,400	\$5,754,800	\$6,546,700
Cumulative	\$7,476,100	\$24,128,500	\$28,842,300
Average Annual	\$1,495,220	\$4,825,700	\$5,768,460

Table 5 reports the economic impacts associated with Intel's contributions, taxes, and fees. When Intel makes cash contributions or pays taxes and fees, those payments are used by the recipient to purchase goods, services, or labor. When Intel donates equipment, those in-kind contributions free up funds to be spent on other things. Both actions generate indirect and induced impacts. These impacts are estimated separately because they are independent of the level of output at Intel.

**Table 5: Economic Impacts from Intel's Contributions, Taxes and Fees, 2009**

Impact Area / Type of Impact	Direct	Indirect	Induced	Total
<b>Washington County</b>				
Output	NA	\$33,152,000	\$18,119,000	\$51,271,000
Personal Income	NA	\$28,977,000	\$5,658,000	\$34,635,000
Jobs	NA	540	150	690
<b>Portland Metro</b>				
Output	NA	\$40,168,000	\$29,377,000	\$69,545,000
Personal Income	NA	\$33,691,000	\$9,282,000	\$42,973,000
Jobs	NA	630	230	860
<b>Oregon</b>				
Output	NA	\$41,493,000	\$30,186,000	\$71,679,000
Personal Income	NA	\$34,617,000	\$9,538,000	\$44,155,000
Jobs	NA	650	230	880

In 2009, the contributions, taxes and fees paid by Intel's supported 690 jobs in Washington County, 860 jobs in the Portland metropolitan area, and 880 jobs statewide.

### 3. BACKGROUND OF INTEL<sup>10</sup>

Intel Corporation has a long history as a technology innovator, environmental steward and supporter of education within the high-tech industry and the Silicon Forest of Oregon. Founded in 1968, Intel expanded beyond California for the first time when it bought property in Aloha in 1974. The attractions—abundant water supplies, reasonably priced electricity, a strong education system and labor force, and convenient travel distance from the Silicon Valley.

<sup>10</sup> Background narrative is courtesy of Intel.



On January 30, 1974, The Oregonian reported that, "a major electronics manufacturer has taken options on a site in Washington County for a plant..." That company was Intel, which had reported sales of \$66 million in 1973. The Oregonian cited comments by Intel co-founder, Gordon Moore, on why Intel chose Oregon for its expansion. "Oregon is one of the few places we've found where people still take pride in their work," Moore said. This state has a stable, well-trained labor force. As a growing company, we have to be assured of a supply of energy. We couldn't get that assurance in the Bay area, but we got it here."

A welcome to the state given by Secretary of State Clay Myers bore the tone of a return salute. "This is a high-growth and labor intensive kind of industry that is good for the state," Myers said. "Intel will provide many jobs with a maximum of energy conservation. It will be nonpolluting and compatible with the Oregon quality of life." Intel broke ground on the Aloha Campus on April 3, 1974 and the campus opened in 1976 with just a few hundred employees. Intel's presence from that point forward helped position Washington County as the center of Oregon's growing technology industry.

Intel's Oregon operations have since transitioned from a small manufacturing fab in Aloha to a critical part of a worldwide corporation and an immense driver of Oregon's economic engine. Other Intel campuses established in Washington County since 1976 include the Hawthorn Farm Campus (1978), Cornell Oaks Campus (1984), Jones Farm Campus (1986), AmberGlen Campus (1996), Ronler Acres Campus, (1996), and the Evergreen complex (2000)

As Intel grew, it stimulated other high-tech companies to locate in the area. "Intel has made Hillsboro the economic engine for the entire state," Gordon Faber, Hillsboro's mayor, said in 2000. "It's impossible to find a high-tech company in Washington County that isn't touched, if not founded, by someone from the world's largest chip-maker," the Oregonian added that same year.

Although Intel has been contributing to Oregon's economy since 1974, the leaps in the site population and capital spending in Oregon have principally occurred since 1993, when the Oregon Legislature passed a bill creating the Strategic Investment Program (SIP). The SIP is a tax-equity program established to encourage investment in Oregon by capital intensive, above-average wage industries making new investments in Oregon. Intel negotiated its first two SIP agreements in 1994, a third in 1999 and a fourth in 2005 for \$25 billion. Intel has fulfilled the investment portions of the 1994 and 1999 agreements and is currently investing under SIP'05.

Taken together, Intel's Oregon operations now make up Intel's largest concentration of facilities and talent in the world. At the same time, with a site population of approximately 29,000, Intel Oregon has become the state's largest private employer and the Oregon site has become Intel's largest and most comprehensive in the world.

<b>Hillsboro Industrial Siting Prospects 3 Years (2007-2009)</b>		
<b>PROJECT</b>	<b>LEAST ACRES</b>	<b>MOST ACRES</b>
Sonnershien	450	800
Apricus	250	300
Tahoe	80	150
Parkway II	75	200
Hot	75	75
Parkway	65	75
Million	65	75
Sunbelt	50	75
Bright	50	75
August	50	100
Boss	50	60
Bee	40	50
Bright	40	50
Valencia	40	50
Monarch	40	50
DT/Apollo	35	40
MIT	30	40
Reddy	26	40
Harvester	25	25
GM	20	25
David II	20	50
Overview	20	30
SpectraWatt	20	25
Jade	20	50
Innovate	15	25
Ark	15	20
Cell	10	25
Cambridge	10	20
SAV	10	20
Champion	10	15
MS	10	20
Wick	8	10
Edison	8	25
Ferro	5	10

<b>Hillsboro Industrial Site Recruitments Over 3 Years</b>			
	<b>Least Acres</b>	<b>Max. Acres</b>	<b>Percent</b>
100+ Acres	2	5	15% *
50-99 Acres	9	12	35% *
25-49 Acres	8	10	29%
< 25 Acres	15	7	21%
Total Sites	34	34	100%

*\*50% of total site inquiries for parcels over 50 acres in size*

*Source: City of Hillsboro Ec. Dev. Dept.  
December 2009*

To: Metro

From: City of Hillsboro

Date: October 17, 2011

RE: **North Hillsboro UGB Industrial Acreages Methodology**

### **Summary**

Brought into the UGB in the last 10 years, the Shute Road, Helvetia, and Evergreen areas total 986 gross acres and approximately 467 net acres. The following methodology details how less than half of the total land in these areas is available for industrial development. In addition to the constraints listed below, large lot industrial development is not an option on much of the 467 net acres because properties are too small individually, not market-ready, have fragmented infrastructure, and no land assembly agreements exist between owners. According to the preliminary findings of the Regional Industrial Lands Inventory underway, only 7 sites within the Shute Road, Helvetia and Evergreen areas are individually more than 25 net acres.

### **Methodology**

#### ***Environmental***

Nearly 90 of the total 986 gross acres are constrained by the presence of regulated natural features. The Shute Road area has 14 acres of upland wildlife habitat resource classified as a Hillsboro Significant Natural Resource. Hillsboro Goal 5 Program natural resource evaluations have not been completed throughout the Evergreen and Helvetia areas. Natural feature constraints of 75 acres for Helvetia and Evergreen (30 and 45 acres respectively) were identified using ArcGIS layer files of the FEMA 100-Year Floodplain and Clean Water Services Vegetated Corridors (50-foot streams buffer).

#### ***ROW/Mitigation***

A total of 177 acres were identified for internal rights-of-way and onsite environmental mitigation associated with industrial development in the Shute Road, Helvetia, and Evergreen areas. This was arrived at using an 18% takeout.

#### ***ASCO Zone 1***

Industrial is a prohibited land use within Hillsboro's Airport Safety & Compatibility Overlay (ASCO) Zone 1. ASCO Zone 1 covers approximately 40 acres of the western Evergreen area. The majority of this land is owned by the Port of Portland, which limits uses of these properties to low intensity activities that will not interfere with aviation.

#### ***Industrial Developed/Committed***

The industrial developed/committed land to be subtracted from the 986 gross acres is the 36 acre lot containing Genentech's 300,000 square foot facility. The remaining 40 acres that Genentech is land banking for future industrial development was not subtracted from the 986 gross acres and is considered available for future employment needs.

#### ***Rural Residential Developed/Committed***

The over 50 rural residential properties under 10 acres in size located within the Evergreen and Helvetia areas are unlikely to be redeveloped for manufacturing or spin-off industrial purposes. These properties total 176 acres and dominate much of the West Evergreen and Helvetia areas. The 15 acre manufactured home park along Jacobson Road in the Helvetia area was also included in the 176 acre total due to statutory protections governing redevelopment of manufactured dwelling parks.

#### ***BPA Corridor***

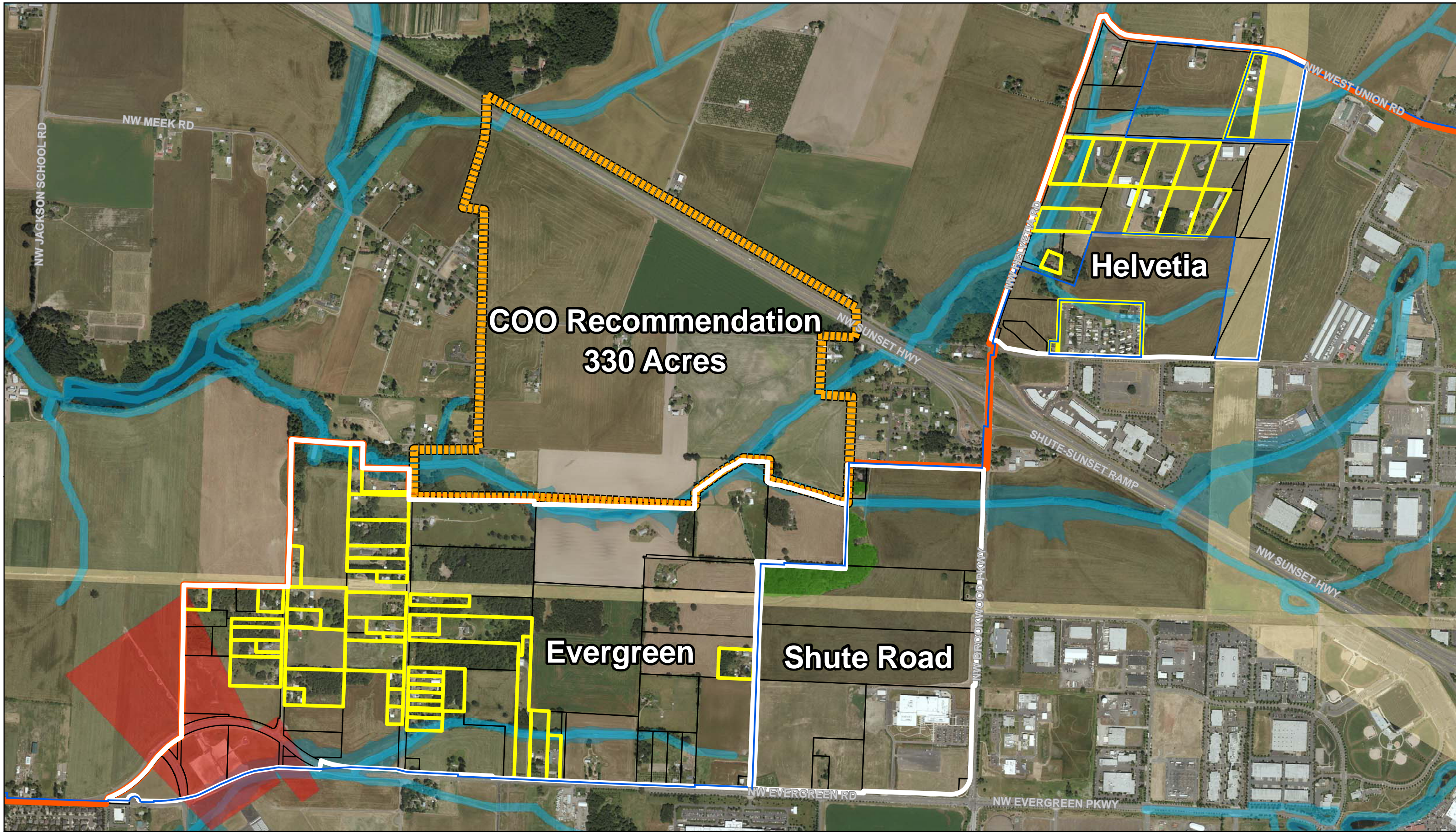
The methodology used to arrive at net acreages did not remove BPA corridors nor factor in the site design constraints posed by BPA corridors. BPA easements with high voltage transmission lines traverse east-west through the north central portion of Evergreen (20 acres) and north-south along the eastern portion of Helvetia (40 acres). The BPA corridors presence will affect future building placement.



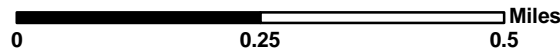
### North Hillsboro UGB Industrial Acreages

Expansion Area	Expansion Year	GROSS ACRES	NET ACRES	100-Yr Flood/ Veg Corridor	ROW/ Mitigation	ASCO Zone 1
SHUTE ROAD	2002	203	152	14	37	0
HELVETIA	2004	249	174	30	45	0
EVERGREEN	2005	534	353	45	96	40
		<b>986</b>	<b>679</b>	<i>Subtotal</i>		
			36	Industrial Developed/Committed		
			176	Rural Residential Developed/Committed		
			<b>467</b>	<b>TOTAL</b>		





**North Hillsboro UGB  
Industrial Acreages Map**



**Legend**

- Vegetated Corridors
- Floodplain
- Upland Wildlife Habitat

- Rural Residential Under 10-Acres
- ASCO Zone 1
- BPA Corridor

- Tax Lots
- City Limits
- UGB

Source:  
City of Hillsboro GIS  
- Current as of September 2011  
Washington County GIS  
- Aerial Photo from July 2010  
- Current as of September 2011  
Metro RLIS  
- Current as of September 2011

DISCLAIMER: This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.





*Points we might want to make if Metro Council asks us to address questions raised by Mark Greenfield's letter regarding the 69 acre Shute Road property versus the 330 acre Meek Road area recommended by the COO*

**Caselaw:**

- 1) Standring cites to 1K v. LCDC (McMinnville, July 2011, A134379) as the basis for their assertion that the 69-acre property should be the highest priority for UGB expansion for large lot industrial uses (over the COO recommended 330 acres south of Hwy 26). Their argument goes into considerable depth regarding the site's high feasibility for provision of cost effective infrastructure, relying primarily on the cost and location of potentially available infrastructure to establish their "highest priority" status. In essence, **they are making the same mistake the city of McMinnville & LCDC made in the contested UGB decision, which resulted in a remand to LCDC by the court of appeals.** As noted by Ed Sullivan in explaining the ruling: *"LCDC's reliance on the city's findings that applied only Goal 14 locational factors to exclude some exception land was in error because it conflated the Step 3 analysis (i.e., Goal 14 based "orderly & efficient provision of public facilities and services") with the Step 1 and 2 analyses. (i.e., Step 1 – determination of land need, & Step 2 – determine adequacy of candidate lands under ORS 197.298(1) & (3))."* (*Daily Journal of Commerce, September 2011*)
- 2) As clearly indicated in Metro Code Section 3.07.1425(C), once you get to Step 3 in the UGB analysis, infrastructure provision is **only one of nine (9) factors that must be balanced** in much the same way Goal 14 administrative rule factors must be applied statewide. As shown on the city's draft matrix (attached), "Efficient Accommodation" and "Public Services Provision" rates differently in the four subareas the city asked Metro to analyze for UGB expansion. While the Groveland Road area (440 acres) rates high for infrastructure capability, it does not fully meet several other factors and thus, actually **received the lowest overall score** under the city's analysis of Metro Code of the four areas analyzed. On the same matrix, the **310 acre (now 330 acres) area received the highest overall score** – 12 points higher than the Groveland Road area.

**Land Need & Development Feasibility:**

- 3) The relatively small portion of the Groveland Road area requested for UGB expansion would **not be able to fully meet the minimum 200 acre need for large lot industrial uses identified by Metro.** Even if the Berger/Hartung (38 acres) and Choban (33 acres) properties are added to Standring's holdings, there would be only one 50 acre site in the 140 acre combined area. Unlike the 330 acre multiple ownership area south of Hwy 26, **these three property owners do not appear to have any agreement to assemble land to achieve even two 50 acre sites (or one 100 acre site).**
- 4) Standring relies heavily on the CH2M-Hill study prepared for the city of Hillsboro in May 2010. That study identifies the 140 acres north of the Shute Road interchange as the area with "the best attributes and holds good potential for development. " Sites 2, 3 & 4

comprise the COO recommended 330 acres and are rated in the study as nearly comparable to the Groveland Road 140 acre analysis area. The analysis notes that “the sites are adjacent to the existing UGB, which could provide easier annexation into the city.” This is an important point since the **city’s UPAA with Washington County stipulates that no urban development will occur in the city’s area of interest without annexation.** Of the 140 acre area, only the south portion of the Standring property is adjacent to incorporated lands east of Helvetia Road. Since there is no formalized multiple owner agreement that includes joint annexation, **land assembly for purposes of development could be problematic if the three property owners cannot come to an agreement with a future industrial client.**

- 5) Since May 2010 the city was approached by property owners in sites 2, 3 and 4 who have an interest in UGB expansion. The city and property owners have worked closely over the past year to **establish a contractual, written agreement that will ensure the entire 330 acre area will be assembled and marketed jointly for large lot industrial use.** **Because of the multiple site synergy achieved by the joint agreement, it would not be hard to imagine that the CH2M-Hill study would have come to a different conclusion had the agreement been in effect at the time of the Spring 2010 study.** If the entire COO recommended area is brought into the UGB it will be able to respond to large lot industrial needs for at least 200 acres in a variety of 50-100 acre configurations. **No other area under consideration by Metro can accomplish that.**

**Infrastructure:**

- 6) Standring makes much of the cost of infrastructure developed for Metro by Group MacKenzie, stating that the costs of developing the COO recommended area are 55 times higher than costs associated with developing his 69 acre holding. This appears to be a case of comparison between a very small area (Shute Road Interchange Analysis Area 8B with 86 gross acres/58 buildable acres) against the 950 acre Hillsboro North Area 8A analyzed by Metro (see area descriptions in *Preliminary Analysis of Potential UGB Expansion Areas*, July 5, 2011 and Attachments 3 & 4 summary tables). The substantial infrastructure cost difference cited is likely the result of **no** transportation costs attributed to the Shute Road 8B area by Metro while substantial transportation costs are attributed to the 950 acre analysis area because of the need for an extensive collector and arterial road system. A more meaningful comparison of transportation costs is found in the Attachment A summary table, which lists costs per added lane mile as \$11.73 versus \$12.13 for the 8B and 8A areas respectively.
- 7) It is important to remember that the total costs of development would be split between public and private investments. **Thus, the order of magnitude cited overstates the actual public sector costs of development of the two areas.** In their July 25, 2011 cover memorandum on the Hillsboro UGB Infrastructure Assessment Group MacKenzie states; “Additionally, the percent of infrastructure costs attributable to the public versus private sector varies from jurisdiction to jurisdiction and between infrastructure types.

This analysis does not attempt (sic) identify how much of total estimated costs will be paid for from public versus private funds. Thus, the actual public costs associated with infrastructure needed to support future development may vary from area to area.”

- 8) While there may be public utilities close by in the Helvetia subarea, it should be noted that **obtaining urban water service could be slowed because of jurisdictional issues**. Helvetia Road is the boundary in that area between city supplied water service and TVWD, which serves the area to the east of Helvetia Road. In order to obtain water from “across the street” an intergovernmental agreement for an inter-tie would be necessary. It actually may be more efficient to extend water to the COO recommended area, which is entirely within the city’s water supply boundary. Given the importance of a reliable immediate source of municipal water to high/clean tech industries, the water supply issue could ultimately affect a company’s decision to locate in either area.
- 9) According to the city water department Area 8A can be served by an existing water reservoir located at Evergreen and Shute roads north to the south edge of Hwy 26. In contrast, 8B would need a new, and potentially expanded, water reservoir (planned north of Hwy 26). Without an IGA with TVWD to construct an inter-tie in the short term, a water line would have to be extended up Brookwood Parkway/Shute Road north of Hwy 26.
- 10) Likewise, in relation to sewer services, 8A can be served by extension of pipes or upsizing existing pipes while 8B would require a new sanitary sewer pump station to accommodate significant manufacturing activities.
- 11) 8A is planned to be served by transit (Draft Findings Map) while 8B is not.

#### **Natural Features & Buffering:**

- 12) 8A has limited environmental features whereas 8B has a significant flood plain reducing the developable area of the Standing site by nearly 40 percent.
- 13) Agricultural buffering will be required for both areas. 8A is bordered by Hwy 26 (north), the Meek Road rural residential area (east) and Sewell Road (partial west) with limited adjacency to farming activities south of the highway. In contrast, 8B is bordered by Hwy 26 (south) and Helvetia Road (east). To the north and west it is directly adjacent to farming activities.
- 14) Hwy 26 has been identified as an important border element for 8A, marking the transition from urban to rural uses. In contrast, 8B crosses the highway and extends west of Helvetia Rd into an area that is currently actively farmed.

## Urban Growth Boundary Expansion Criteria

### Metro Code Section 3.07.1425(C)<sup>1</sup>

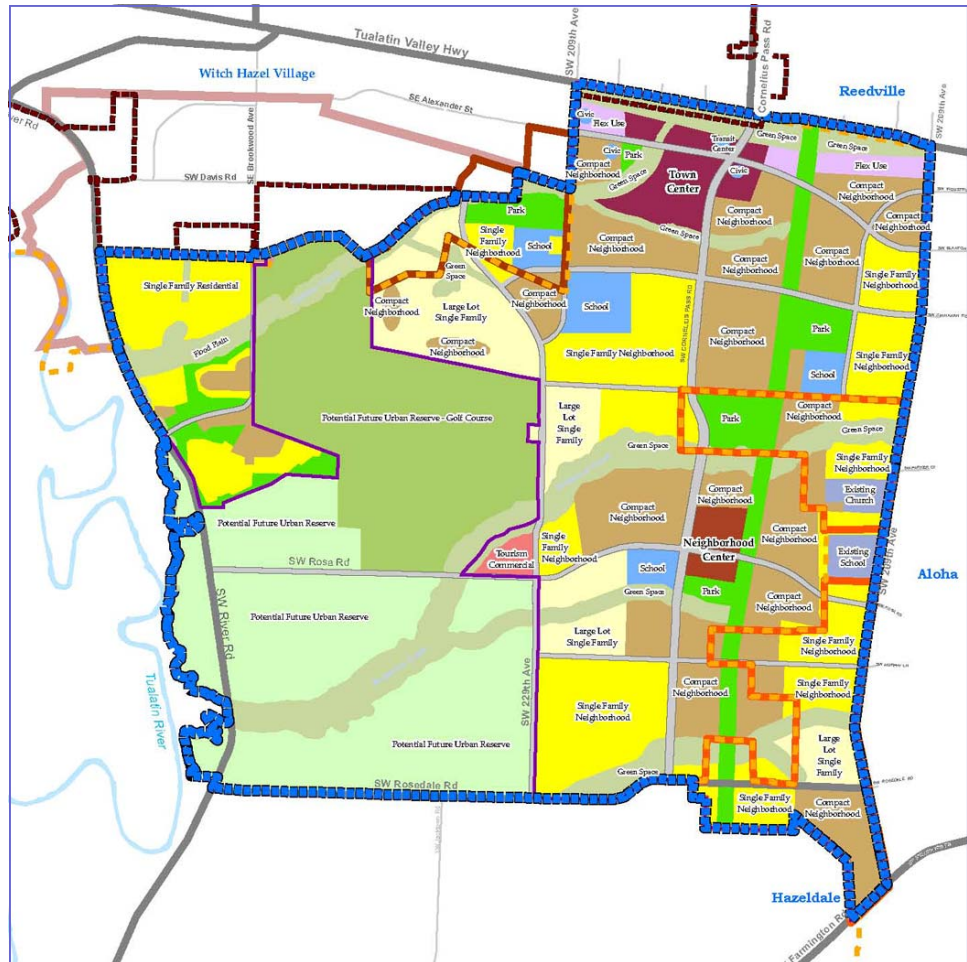
	<b>Metro UGB Expansion CRITERIA</b>	<b>COO Recommended 310 Acres</b>	<b>Jackson School Road 380 Acres</b>	<b>Waibel Creek South 346 Acres</b>	<b>Groveland Road 440 Acres</b>
1	Efficient Accommodation	5	5	3	3
2	Public Services Provision	5	1	3	5
3	ESEE Consequences	3	3	3	3
4	Ag/Forest Compatibility	3	3	3	1
5	Housing/Employment Distribution Across Region	3	1	3	1
6	Purposes of Centers & Corridors	3	3	3	3
7	Protection of Commercial Agriculture	3	1	3	1
8	Fish & Wildlife Habitat Preservation	3	3	1	5
9	Transition Between Urban & Rural Lands	5	5	3	1
	<b>TOTAL SCORE</b>	<b>33</b>	<b>25</b>	<b>25</b>	<b>23</b>

*City of Hillsboro Scoring – May 2011 DRAFT*

**Rating Scale:**     5 = Fully complies and furthers intent of criteria;  
                               3 = Complies with criteria;  
                               1 = Additional actions may be needed to ensure compliance with criteria

<sup>1</sup> Metro UGB Expansion Criteria include:

1. *Efficient accommodation of identified land needs;*
2. *Orderly and economic provision of public facilities and services;*
3. *Comparative environmental, energy, economic and social consequences;*
4. *Compatibility of proposed urban uses with nearby agricultural and forest activities occurring on land outside the UGB designated for agriculture or forestry pursuant to a statewide planning goal;*
5. *Equitable and efficient distribution of housing and employment opportunities throughout the region;*
6. *Contribution to the purposes of Centers and Corridors;*
7. *Protection of farmland that is most important for the continuation of commercial agriculture in the region;*
8. *Avoidance of conflict with regionally significant fish and wildlife habitat; and*
9. *Clear transition between urban and rural lands, using natural and built features to mark the transition*



Complete ► Connected ► Green

# South Hillsboro Community Plan

City of Hillsboro, Oregon

22 February 2008



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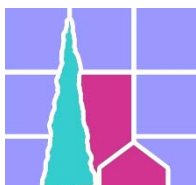


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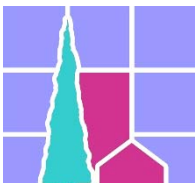
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Reed's Crossing Study Area & Design Guidelines
South Hillsboro Retail Potential
Visual Preferences Survey





## Acknowledgments

### Hillsboro City Council

Mayor Tom Hughes  
Councilor Aron Carleson  
Councilor Cynthia O'Donnell  
Councilor Doug Johnson  
Councilor Ed Dennis  
Councilor Joe Keizur  
Councilor Nenice Andrews

### Hillsboro Planning Commission

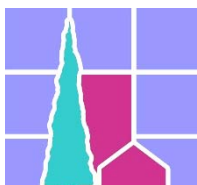
President John Coulter  
Vice President Katie Eyre  
Commissioner Charles Fleisher  
Commissioner Ray Lankford  
Commissioner Ross Matthews  
Commissioner Steve Callaway

### South Hillsboro Task Force

Brad Smith, Property Owner  
Cordia Gilliam, Property Owner  
Dave Wood, Newland Communities Property Owner  
Deanna Strauss, Witch Hazel Village Representative  
Jin Park, The Reserve Vineyards and Golf Club Property Owner  
Joe Hanauer, 189-acre Butternut Creek Property Owner  
Linda Gray, Property Owner  
Lona Frank, South of Rosedale Representative / Property Owner  
Marc San Soucie, Washington County Planning Commissioner  
Mike Stephenson, Property Owner  
Ramsay Weit, Washington County Planning Commissioner  
Ray Lankford, Hillsboro Planning Commissioner  
Read Stapleton, Vision Land Management Property Owner  
Steve Callaway, Hillsboro Planning Commissioner  
Steve Karl, Property Owner  
Steve Larrance, CPO 6 Resident / Aloha  
Rick Van Beveren, TV Highway Business Owner

### South Hillsboro Technical Advisory Committee

Aisha Willits, Washington County Planning Division  
Andy Braun, Clean Water Services  
Carlos Perez, Hillsboro School District  
Charles Kettenring, Oregon Department of Transportation Rail Division  
Cliff Crawford, Northwest Natural Gas  
Gregg Leion, Washington County Planning Division  
Jerry Green, Beaverton School District  
Jim Rose, Comcast  
Marah Danielson, Oregon Department of Transportation (ODOT)  
Meg Fernekees, Department of Land Conservation and Development  
Oral Lee Rose, Bonneville Power Administration (BPA)  
Tim O'Brien, METRO  
Trent Lutz, Portland General Electric (PGE)





## Acknowledgments

### City of Hillsboro Staff

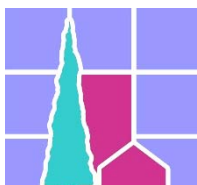
Wink Brooks, Planning/Economic Development Liaison  
Valerie Soilihi, Long Range Planning Supervisor  
Karla Antonini, South Hillsboro Community Plan Project Manager / Urban Planner III  
Bernie Monahan, Water Project Manager  
Debbie Raber, Planning Project Manager  
Don Odermott, Transportation Planning Engineer  
Doug Miller, Planner II  
Daniel Rutzick, Planner I  
Henry Reimann, Police Lieutenant  
John Rinier, Fire Marshall  
Kevin Smith, Parks and Recreation Development Manager  
Ricky Icenogle, Assistant Building Director  
Tom Arnold, Engineering Project Manager

### Consultant Staff

Ric Stephens, South Hillsboro Community Plan Principal-in-Charge, Alpha Community Development  
Dave Cady, Development Advisor, Alpha Community Development  
Deb Meihoff, Public Involvement Coordinator, Communitas  
Eric Hovee, Market, Funding & Financing Analyst, ED Hovee & Company  
Glen Bolen, Planning Consultant, Fregonese Associates  
Jeff Mitchem, Urban Designer, Ankrom Moison Architects  
Jerry Palmer, Development Advisor, Alpha Community Development  
John Fregonese, Planning Consultant, Fregonese Associates  
Kim Gould, Fish/Aquatic Ecologist, SWCA  
Leila Aman, Planner, Fregonese Associates  
Mike Van Loo, Project Civil Engineer, Alpha Community Development  
Scott Harmon, Transportation Engineer, David Evans Associates  
Stacy Benjamin, Wetland Ecologist, SWCA  
Stephanie Butler, Archaeologist, SWCA  
Tess Jordan, Funding & Financing Analyst, ED Hovee & Company  
Tom McConnell, Project Planner, Alpha Community Development

### Advisory Group

Dave Wood, Newland Communities  
Joe Hanauer, Butternut Creek Property  
Andy Tiemann, Centex  
Brian Campbell, PB Placemaking  
Dave Leland, Leland Consulting Group  
Erin Jacobs, Mithun  
Jeff Bachrach, Newland Communities  
Lisa Folkins, Mithun  
Tim Schauer, Mackay & Sposito



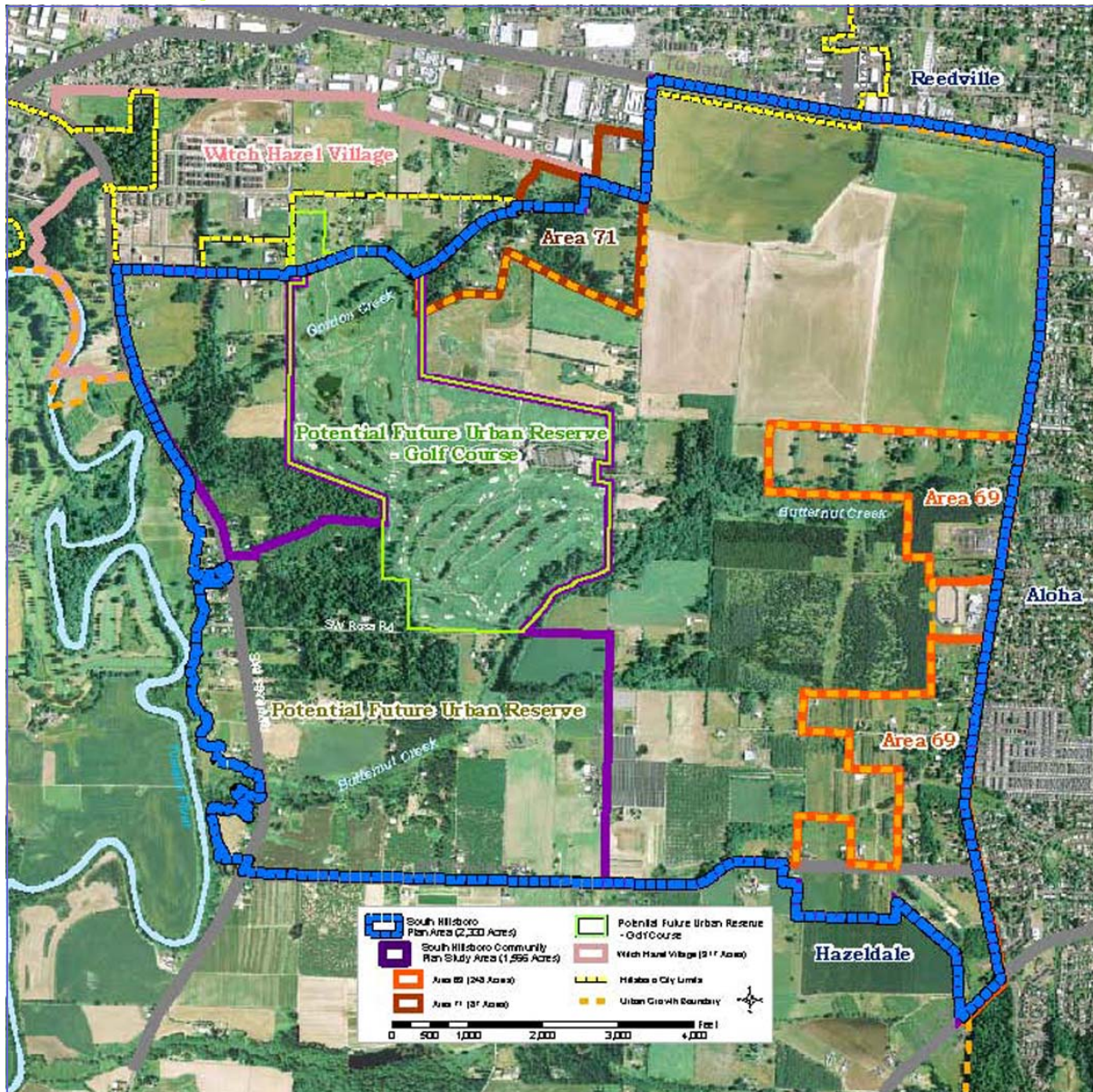




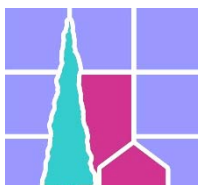
## Introduction

# South Hillsboro Community Plan

The South Hillsboro Community Plan presents a unique opportunity to create a new and innovative community responding to the needs of the Metro Region, City of Hillsboro and neighboring residents. The Community Plan outlines the foundation, principles, approach, and implementation action plan that will realize this vision.



South Hillsboro Plan Area Map [Figure 1]



The South Hillsboro Community Plan encompasses the lands north of Rosedale Road, south of the Tualatin Valley Highway, east of the Tualatin River, and west of SW 209th Avenue. The study area encompasses 2,330



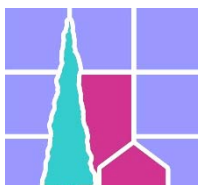


## Introduction

acres of rural, developed and **open space** lands. The Community Plan addresses more than 1,566 acres within this area. Gordon and Butternut creeks traverse the site from west to east. A Bonneville Power Administration (BPA) powerline corridor crosses the eastern section of the study area from north to south. The Reserve Vineyards and Golf Club is located near the center of the site. An existing circulation network encircles the site.

The South Hillsboro Community Plan provides the framework for a residential **mixed-use** community organized around a new town center, complemented by a neighborhood center that can accommodate concentrations of retail and service uses; employment opportunities; civic facilities; schools; neighborhood parks; natural areas; and a variety of housing choices, consistent with Metro's 2040 Growth Concept. This conceptual framework integrates urban centers into the natural landscape, while protecting and enhancing natural resources, and creating compact walkable neighborhoods served by a variety of transportation modes, allowing the rational and economic provision of urban services. The South Hillsboro Community Planning effort allows an opportunity to provide a coordinated transportation grid; an opportunity to preserve green corridors and blend the corridors with other community assets; and provide an opportunity to improve Hillsboro's housing / jobs balance. The Plan also provides the opportunity to create a sense of place by creating the opportunity for **third places** in a suburban environment. **Third places** are neither home nor work, but where people often choose to spend their time. Together, these features create a community with an extraordinary sense of place, not only for the Plan Area, but also for the surrounding community.

Finally, as the South Hillsboro Community Plan illustrates, its location directly contiguous to developed urban areas to the North and to the East provides a gradual transition from urban development to rural agricultural uses to the Southwest, while creating a new sense of place in an existing suburban setting. The inclusion of the South Hillsboro Study Area as Urban Reserves, with the subsequent development of the South Hillsboro Community Plan, creates livable communities, preserves the viability and vitality of the agricultural and forest industries and protects the important natural landscape features of the plan area. With the City of Hillsboro's strong leadership in developing the Plan and the active participation of the major landowners there is strong assurance that these lands, if designated as urban reserves, will ultimately be developed in a manner consistent with the aspirations of the region.





## Introduction

## Outline

### Purpose

The South Hillsboro Community Plan defines the guiding principles, land use and development proposed for the study area. This document was prepared with direction from a citizen-led Task Force, Technical Advisory Committee, Hillsboro Planning Commission, a stakeholder advisory team, consultant team and City staff.

### Sequence

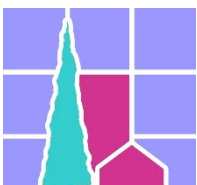
The Project Context section provides an overview of the existing environmental, cultural, planning and regulatory conditions. This is followed by the various regional and local planning principles that—combined with the existing conditions—form the basis for creating various **Scenarios**. The most compelling ideas from each scenario were combined into a **Hybrid Scenario**. This Hybrid Scenario was then further refined to describe a “story” for the site. The **Concept Plan** is the culmination of this effort. The Concept Plan drives themes and design elements for the plan. The City Comprehensive Plan designations were applied to the Concept Plan map to create the **Community Plan** map with compatible land uses per City code. Finally, the required **infrastructure** was identified and the estimated costs calculated. **Funding** options were identified/created specific to the plan, and a **Phasing Plan** is developed to match funding with development. The **concurrency** of incremental development and funding becomes the Implementation Action Plan.

This sequence can be summarized with the following elements:

1. Scenarios
2. Hybrid Scenario
3. Concept Plan Map
4. Community Plan Map (Comprehensive Plan)
5. Infrastructure
6. Funding
7. Phasing

This sequence creates the **South Hillsboro Community Plan**

All major maps and plans in this report are available at a larger scale on the City of Hillsboro ftp site <ftp.ci.hillsboro.or.us> and the project website: [www.SouthHillsboro.net](http://www.SouthHillsboro.net)





## Introduction

# Plan Area Vision

The Vision for the South Hillsboro Community Plan blends an array of local and regional influences with community driven development principles.

### Metro Great Communities Characteristics

The Metro Great Communities Characteristics directly shapes the design and development of South Hillsboro. The eight characteristics are community design, complete communities, ecological systems, optimize major public investments, governance, finance, economy, education and workforce development.

### Hillsboro 2020 Vision

The South Hillsboro Community Plan implements the [Hillsboro 2020 Vision](#) principles. The Hillsboro 2020 Vision statement focus areas include strengthening and sustaining community, enhancing neighborhoods and districts, preserving the environment, creating economic opportunity, expanding education and cultural horizons, and promoting health and safety.

### Natural & Cultural Resource Preservation

The Vision considers preservation and enhancement of the significant natural and cultural resources. The Gordon and Butternut Creek corridors are part of a community-wide [green space network](#). Cultural resources have also been identified and preserved throughout the development process.

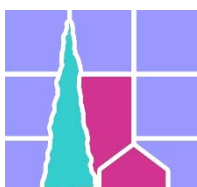
### Infrastructure Funding & Phasing

The adequate provision of utilities, facilities and services are guided by an [infrastructure](#) funding and phasing program described in the Implementation Action section. The plan focuses on [concurrency](#)—the synchronized provision of [infrastructure](#) with growth.

### Market Feasibility

The South Hillsboro Community Plan is responsive to the economic and market conditions shaping growth. This includes providing [development flexibility](#) to adjust to changing demographics and other market conditions.

These considerations collectively influenced the creation of the Community Plan for an innovative, dynamic, and vibrant community.





## Introduction

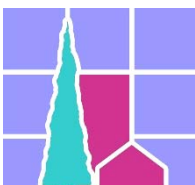
# Community Principles

In addition to meeting the demands of local and regional forces and development principles, three overriding general principles emerged during the concept planning process:

### Complete : Connected : Green

- ▶ **Complete**—a community with the full spectrum of facilities and services. A life-cycle community that addresses the needs and desires of all residents for health, housing, education, shopping and recreation.
- ▶ **Connected**—a community that provides residents and visitors with full multi-modal access. A community that seamlessly connects neighborhoods and easily transitions from urban to rural lands. A community plan, which in addition to serving future residents, provides older neighborhoods to the East and to the North, with access to needed parks, trails, **open space**, shopping and family services.
- ▶ **Green**—a community that integrates **open spaces** with neighborhoods. A sustainable community that incorporates state-of-the-art green development practices. Preservation and improvement of existing natural resources and wildlife corridors to create a truly distinct natural environment.

**Complete : Connected : Green** provides the framework for ensuring that the evolving South Hillsboro Community Plan Area remains a special and unique place.

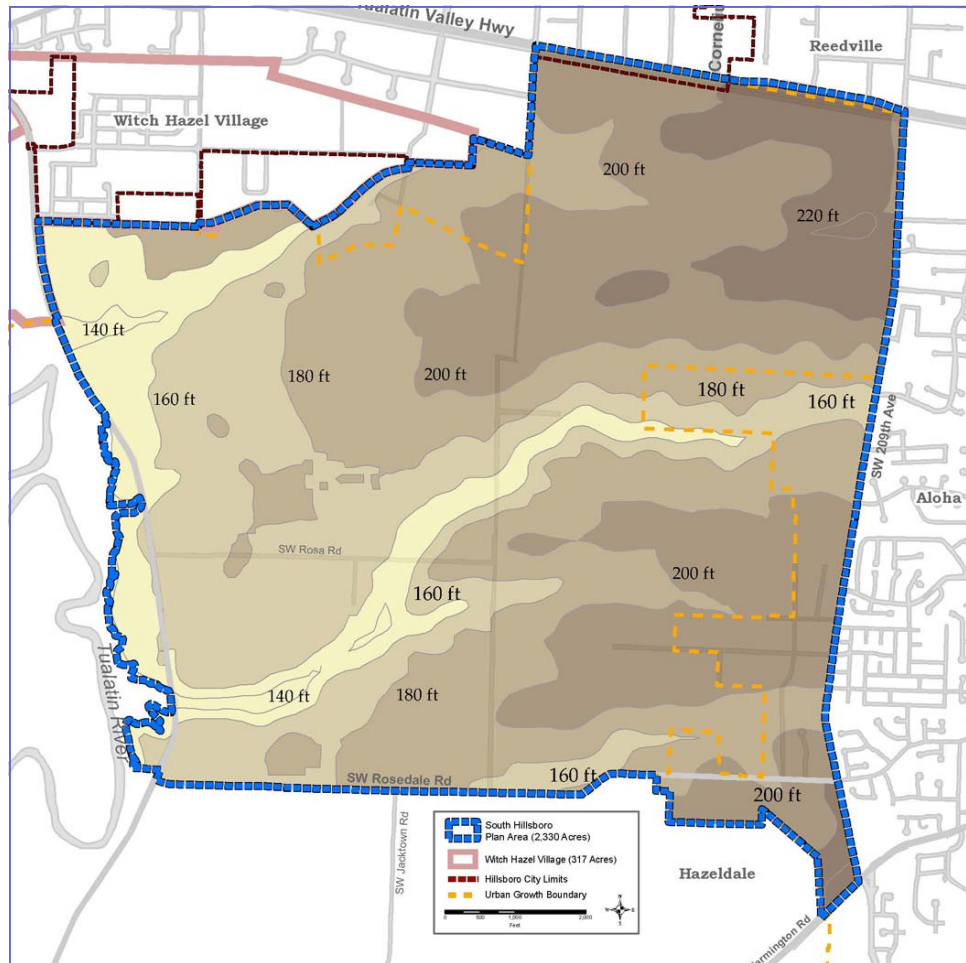




## Project Context

# Environmental Context

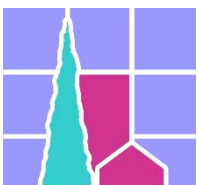
The plan area is located in the Middle Tualatin-Rock Creek Watershed within three subwatersheds including Middle Tualatin-Gordon Creek, Butternut Creek, and Middle Tualatin-Rosedale Creek. The Tualatin River flows southerly near the western boundary of the plan area. The Tualatin River ranges from 300 feet to a quarter mile from the site. Several tributaries to the



South Hillsboro Community Plan Topography [Figure 2]

Tualatin River flow west/southwesterly through the site, including Gordon Creek, Butternut Creek, a Butternut Creek tributary, Rosedale Creek (also referred to as Hazeldale Creek), and an unnamed Tualatin River tributary that originates immediately west of the Reserve Vineyards and Golf Club and joins the Tualatin River at approximately river mile 36.5.

**Wetlands** and natural resources were mapped in a small portion of the plan area (Area 71) in the City of Hillsboro Goal 5 Natural Resources Inventory and Assessment by Fishman Environmental Services in 2001. The local **wetlands** inventory was conducted according to the Oregon Department of State Lands offsite option. Therefore, wetland and natural resource boundaries

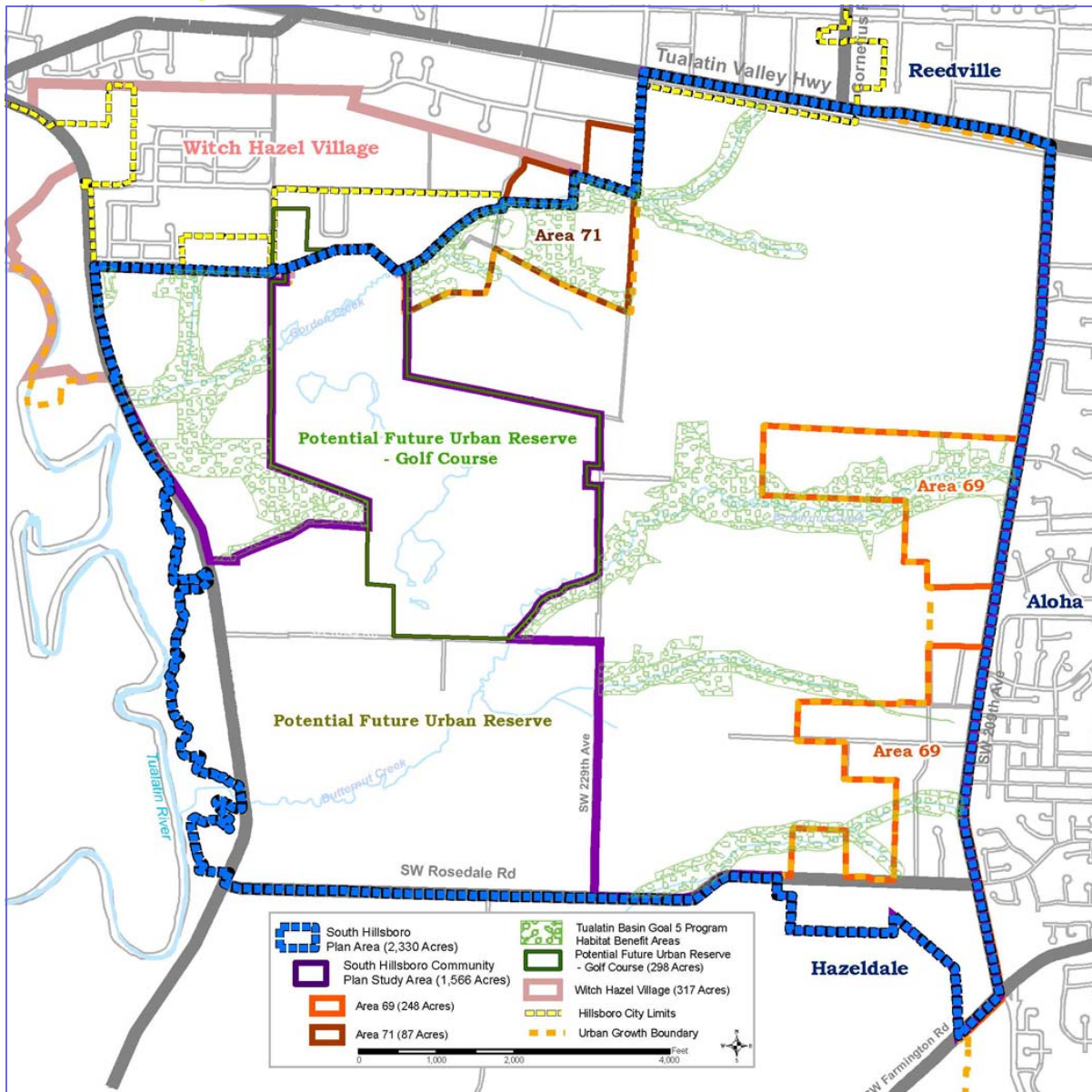




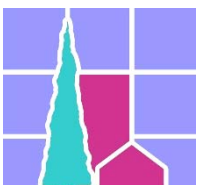


## Project Context

mapped in the inventory are approximate and are intended for general planning purposes only. Significant riparian corridors and upland wildlife habitat were also mapped along Gordon Creek and Butternut Creek in the City's Goal 5 inventory. Properties not previously inventoried by the City that contain natural resources will be inventoried and a significance determination made using the methodologies described in the adopted City of Hillsboro Goal 5 Natural Resource Inventory & Assessment Report. Natural resources determined to be significant and their Impact Areas will be added



**South Hillsboro Community Plan Habitat Benefit Areas [Figure 3]**



to the Significant Natural Resource Overlay (SNRO) District as part of the rezoning process. An Economic, Social, Environmental, and Energy (ESEE) Consequences Analysis will be conducted for the Significant Natural Resource (SNR) sites added to the SNRO District. A formal wetland delineation



## Project Context

has been prepared by the Division of State Lands for the portion of Gordon Creek located east of SW 229th Avenue (See Technical Appendix). In addition to the City's SNRO District, the City is a partner in the Tualatin Basin Fish & Wildlife Habitat Program. This is a voluntary program that encourages the use of Habitat Friendly Development Practices, including Low Impact Development (LID) techniques, designed to reduce the environmental impacts of new development and remove barriers to their utilization. The intent is to provide flexibility in the land development ordinances to encourage the protection of qualified Habitat benefit Areas.

A Department of State Lands (DSL) approved delineation for the Reed's Crossing **wetlands** is complete and is a feature of the Town Center and northeastern Concept Plan.

## Cultural Context

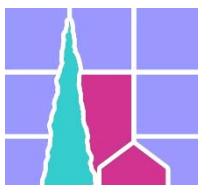
**A**n archival search at the Oregon State Historic Preservation Office (SHPO) was conducted to determine if known prehistoric or historic archaeological sites or other documented cultural resources are present within or near the South Hillsboro Community Plan area.

The SHPO database indicates that historic and archaeological sites not formally documented do occur within the 2,330-acre South Hillsboro Community Plan Area. The database indicates that an unmarked cemetery lies within the study area. The cemetery is referred to as the "Original Reed Farm Cemetery" or the "Ladd-Reed Cemetery." No survey report or site form is associated with this resource. SHPO records also indicate that Native American archaeological sites exist in the planning area along Butternut Creek.

In addition to the SHPO database, the records of the Oregon Commission on Historic Cemeteries indicate that another nameless cemetery is located in Section 14 of Township 1 South, Range 2 West, Willamette Meridian. The cemetery is documented in the Oregon Burial Site Guide. The cemetery is located south of Reedville, on the Ladd-Reed farm. The guide states that the gravestones were intentionally covered with 2 to 3 feet of soils so that farming could continue in the area. It is estimated that the cemetery consists of 10 to 12 graves.

## Planning Context

**T**he South Hillsboro area has been a candidate for future urban growth for the past decade. Located southeast and adjacent to the City of Hillsboro, the 2,330 acre South Hillsboro Community Plan Area is bordered by the Tualatin Valley Highway on the north, 229th Avenue, Gordon Creek, the Witch Hazel Village Neighborhood, and Tualatin River on the west, Rosedale Road on the south and 209th Avenue on the east. A portion of the Plan Area includes areas already included within the regional Urban Growth Boundary (UGB). These areas are UGB expansion Areas 69 & 71, shown in orange and brown lines respectively on Figure 4. The planning area is adjacent to the





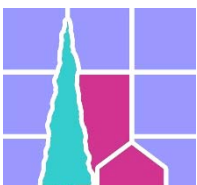
## Project Context

Reedville, Hazeldale, Aloha and Witch Hazel Village neighborhoods.

The City of Hillsboro has been planning for the future of this area since 1998 to meet the need for additional housing generated by the City's regional employment center located in the northeastern portion of the City. This regional employment center is forecast to double employment from approximately 50,000 employees to over 100,000 employees while housing land supply is close to capacity, relative to future demand. A recent report by Johnson Gardner indicates this imbalance will increase without new housing opportunities.

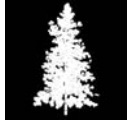
Over the last decade the South Hillsboro area has seen multiple planning initiatives. In 1997, Metro designated 1,450 acres of land south of Hillsboro (aka. South Hillsboro Concept Planning Area) as urban reserves for future inclusion in the region's urban growth boundary. In 1998, Hillsboro signed a Memorandum of Understanding with Washington County to plan and serve the area and completed an extensive public planning process creating a conceptual land use plan for the area. The South Urban Reserve Concept Plan was completed in 1998, but not adopted. However a portion of it known as Witch Hazel Village was incorporated into the City's Comprehensive Plan in 2004 and is currently being developed. Elements of the South Urban Reserve Concept Plan prepared in 1998 were used as a starting point to inform the South Hillsboro Community Plan effort. The South Hillsboro Community Plan is an extension of this long-term planning effort and encompasses Areas 69 and 71 that were brought into the Urban Growth Boundary in 2002.

Recently, new State legislation provides an alternative method for considering future Urban Growth Boundary expansions in the Portland Metropolitan Area. Senate Bill 1011, enacted by the 2007 Legislature, enables Metro and local counties to designate Urban and Rural Reserves in order to determine where the Portland metropolitan region will — and will not — expand to accommodate population and employment growth over the next 40 to 50 years. Metro, Multnomah, Clackamas and Washington Counties will collectively determine which lands are determined urban and rural reserves. Previously strict UGB criteria based on land resource value restricted the ability of Metro to consider UGB expansions on the basis of broader criteria. The strict criteria allowed only lower value agricultural land to be added to the UGB resulting in UGB additions that did not, in some cases, provide the physical relationships necessary to create successful future neighborhoods and communities. Consequently, the City felt that Areas 69 and 71 should be planned for urbanization in a manner that considered a larger area, allowing the plan to incorporate the core principles of smart growth in Metro's Regional 2040 Growth Concept and Great Community Principles. Based on the new State legislation the Land Conservation and Development Commission has adopted new rules allowing the Metro region to consider future UGB expansions in a broader context, allowing for the provision of future urban and rural reserves.



Metro, together with local counties and cities, is proceeding with a process to define future Urban Reserve areas, based on the new State legislation and rules. The purpose of the South Hillsboro Community Plan is to provide a guide for future potential Urban Reserve and UGB decisions as well providing

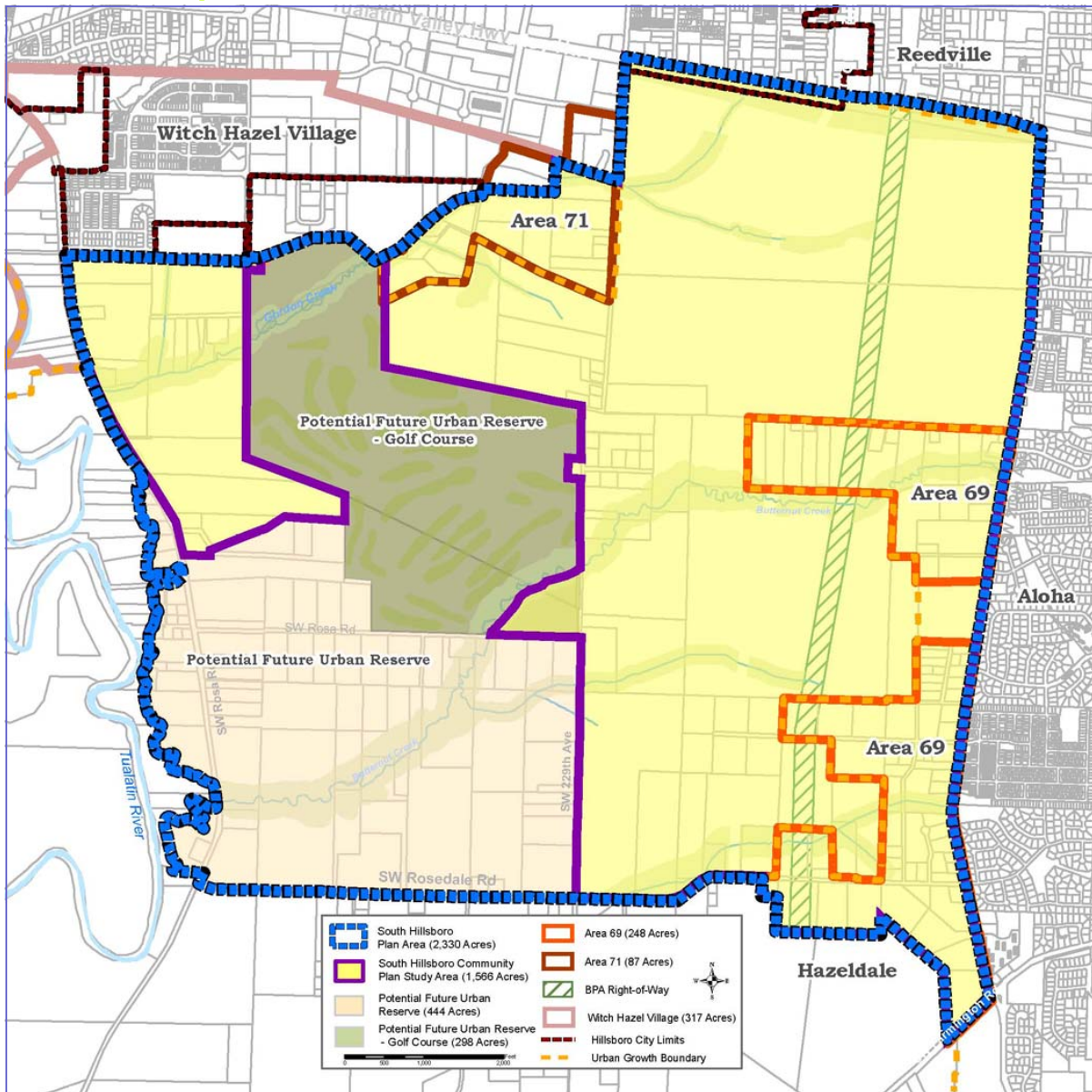




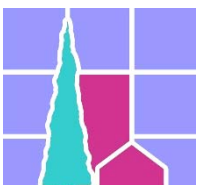
## Project Context

recommendations for future comprehensive plan and zoning amendments within the Concept Planning Area.

Early traffic analysis indicated that traffic for the entire Plan Area could not be accommodated at current automobile trip rates and transportation mode splits. Long term the entire area is logical for future urban expansion but, because of current traffic generation, the South Hillsboro Community Plan Area was divided into two areas. The Concept Planning Area [shown in



South Hillsboro Community Plan Area [Figure 4]



yellow on Figure 4] comprises 1,566 acres and includes the two existing Urban Growth Boundary expansion Areas 69 and 71. The potential future urban reserve area [outlined in purple on Figure 4] encompasses 636 acres.



## Project Context

To be able to achieve the goals of compact urban form, efficient use of land, *mixed-use development*, and rational and economic provision of urban service, the City determined, and the County and Metro concurred, that Areas 69 and 71 should be planned as part of the larger South Hillsboro planning process. The South Hillsboro Community Plan will enable Areas 69 and 71 to develop as part of a larger community that incorporates the core principles of smart growth in Metro's Regional 2040 Growth Concept and its Great Community policies.

The implementation measures the City will adopt will ensure that Areas 69 and 71 develop in compliance with the land uses, *infrastructure* financing and other fundamental components of the South Hillsboro Community Plan.

## Market Context

### Housing

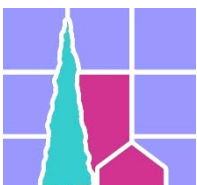
The South Hillsboro Community Plan was designed with a mix of housing types and price ranges rather than one predominant development pattern. This diversity will encourage supportive commercial, *mixed use*, and *third places* where people can gather informally—all critical for marketability and sustainability.

ESRI income estimates indicate that over half of Hillsboro households (55%) over the next five years will earn under \$75,000 annually. Assuming a down payment of 10%, this equates to an affordable purchase price of \$280,000. This is above the median price of Hillsboro area homes in March 2007 (\$270,000) and about 93% of the area's average price (\$300,000). The highest income cohorts, with annual incomes above \$100,000, account for 26% of projected household growth. Affordable purchase pricing for these households begins at just under \$400,000. The top earning 5% of households can afford homes exceeding \$1 million.

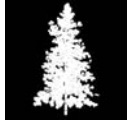
Pricing for the bulk of newly constructed homes (over 60%) targets households earning about 125% of Median Family Income. Another 25% of newly constructed homes targets households earning about 150% of Median Family Income. These assume a three person household. In 2007, 100% Median Family Income for a three person household was \$60,200.

For the 32% of (total) households that earn under \$50,000 annually, affordable ownership housing is a challenge with a maximum purchase price of \$180,000. New construction that is affordable to households (as homeowners) earning less than 80% Median Family Income will likely require public subsidy given the area's recent escalation in the price for raw land. Luxury housing, on the other hand, is largely market driven.

The City's rental stock is much more affordable for lower income households than is its ownership stock. Fifty-one percent of renting households are estimated to earn below \$50,000 annually; maximum affordable rent for this income is estimated at \$1,130 monthly, whereas the average unit in the Hillsboro area is estimated to rent for about \$825. Approximately 31% of







## Project Context

Hillsboro's renting households – 12% of total households – cannot afford the City's average rent. A detailed rental inventory is not readily available; however, average implies that some portion of the rental stock (although not necessarily 50%) is available for a below-average rate (below \$825 per month).

On a rent per unit basis, Hillsboro rents are reported as higher than the metro average by about 20%. The inference is that Hillsboro's units are on average more expensive but also larger, with a greater mix of 2 and 3 bedroom units.

In 2000, 48% of Hillsboro's housing stock was in rental units—a relatively high portion. That percentage is estimated to have fallen to 42% by 2007 with new ownership development outpacing rental product. This compares to a 35% rental split in the four-county metro area. The City of Hillsboro represents approximately 5% of the region's rental stock.

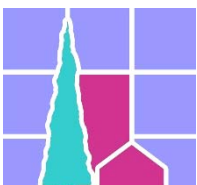
Significant economic impacts anticipated in 2007 by Oregon Employment Security in its 2007 forecast include:

- ▶ The pull out of Freightliner commercial truck manufacturing from Portland will result in a decline in the transportation equipment sector of almost 7%, stabilizing in 2008;
- ▶ Wood product manufacturing is projected to fall by close to 8%, followed by a 2% decline in 2008;
- ▶ Construction jobs are expected to remain stable, with nonresidential construction offsetting the slowdown in housing construction;
- ▶ Retail growth is expected to grow by close to 2% over the next three years;
- ▶ The largest gains are anticipated in leisure & hospitality (which includes food service) at over 4% in 2007, slowing from this rapid pace in future years. Health services are on track to grow between 2-3% annually. Professional and business services – which have grown rapidly over the past several years – are expected to continue to grow at 3% in 2007.

The South Hillsboro Community Plan should include a mix of housing types and price ranges for Hillsboro's workforce, especially for the forecasted number of employees within professional and business, retail, leisure, hospitality, and health services. A range of housing types and price ranges would help those employed within the commercial areas of the Concept Plan's Town and Neighborhood Centers. Housing densities that reduce land costs and increase transit feasibility will be key to achieving housing affordability within the community planning area.

### Retail

The City of Hillsboro is currently well-served by retailers and functions as a retail destination, particularly for comparison goods. The city's existing retail





## Project Context

supply is estimated to be 46% larger than necessary to serve all of the retail needs of Hillsboro residents alone. Washington County as a whole is well-supplied in regional retail, with three regional centers ringing the South Hillsboro Community Plan Area to the north and east. Plan Area supportable retail at full build-out has been estimated around 200,000 to 225,000 square feet.

The Plan Area's Town Center size is slightly larger than the grocery-anchored neighborhood centers in this part of the metropolitan region, and among the largest of the community centers (anchored by stores offering department store merchandise). Developing a center above this size range will most likely require securing an additional department store anchor tenant with general merchandise or an added increment of non-retail service/office related businesses.

Bethany Village is a good example of a successful and recently constructed neighborhood center serving a similarly sized market at the edge of existing development. Bethany Village is 135,000 square feet with grocery, drugstore and video anchors. This neighborhood center benefits from well spaced groceries—the two nearest groceries are 1.8 and 2.9 miles away. Bethany Village is also supported by very high incomes within a one-mile radius. In general, higher incomes are more attractive to potential retail tenants, particularly for areas with lower population density.

In general, residential development with the South Hillsboro Community Plan must lead retail development. Phase 1 of a retail center could include 130,000 square feet with a grocery anchor. A Plan Area retail center should be located for maximum accessibility.

## Regulatory Context

**F**uture comprehensive plan amendments based on the South Hillsboro Community Plan must conform to the requirements of a variety of State and Regional land use rules and plans. Comprehensive plan amendments must comply with the provisions of the Statewide Planning Goals and Administrative Rules as well as the provisions of Metro's Regional Functional Plan. The most important of these are the Statewide Metropolitan Housing Rule adopted by LCDC as an implementation measure under Goal 10 (Housing); the Transportation Planning Rule; and, Metro's Urban Growth Management Functional Plan, Title 11 requirements.

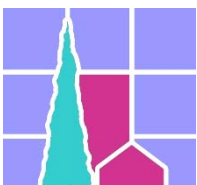
### Department of Land Conservation and Development

#### Urban and Rural Reserves Rule: OAR 660, Division 027:

The Urban and Rural Reserves Rule purpose is defined as:

"660-027-0005 Purpose

- (1) This division is intended to implement the provisions of Oregon Laws 2007, chapter 723 regarding the designation of urban reserves and rural reserves in the Portland metropolitan area. This division provides an alternative to





## Project Context

the urban reserve designation process described in OAR chapter 660, division 21. This division establishes procedures for the designation of urban and rural reserves in the metropolitan area by agreement between and among local governments in the area and by amendments to the applicable regional framework plan and comprehensive plans. This division also prescribes criteria and factors that a county and Metro must apply when choosing lands for designation as urban or rural reserves.

- (2) Urban reserves designated under this division are intended to facilitate long-term planning for urbanization in the Portland metropolitan area and to provide greater certainty to the agricultural and forest industries, to other industries and commerce, to private landowners and to public and private service providers, about the locations of future expansion of the Metro Urban Growth Boundary. Rural reserves under this division are intended to provide long-term protection for large blocks of agricultural land and forest land, and for important natural landscape features that limit urban development or define natural boundaries of urbanization. The objective of this division is a balance in the designation of urban and rural reserves that, in its entirety, best achieves livable communities, the viability and vitality of the agricultural and forest industries and protection of the important natural landscape features that define the region for its residents."

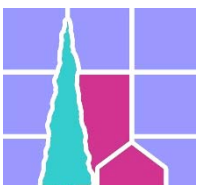
The South Hillsboro Community Plan provides a guide to the logical expansion of the Urban Growth Boundary consistent with creating "livable communities." This rule allows Metro to designate areas within the South Hillsboro Community Plan as urban reserves through an intergovernmental agreement with Washington County.

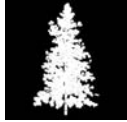
### Metropolitan Housing Rule: OAR 660, Division 007:

LCDC first established the Metropolitan Housing Rule in December 1981. As noted in the purpose statement embodied in the Rule:

**"660-007-0000**                      Statement of Purpose  
The purpose of this rule is 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, to provide greater certainty in the development process and so to reduce housing costs. OAR 660-007-0030 through 660-007-0037 are intended to establish by rule regional residential density and mix standards to measure Goal 10 Housing compliance for cities and counties within the Metro urban growth boundary, and to ensure the efficient use of residential land within the regional UGB consistent with Goal 14 Urbanization."

As applicable to the South Hillsboro planning effort, the Rule implements the





## Project Context

above stated policies by establishing regional residential density and mix standards to measure Goal 10 compliance for cities and counties within the Metro urban growth boundary.

In general, the Rule requires that the city “designate sufficient buildable land to provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing.” The Rule establishes minimum densities that are to be achieved. The City of Hillsboro is required to provide for an overall density of ten or more dwelling units per net buildable acre. The Rule applies to “larger urbanized jurisdictions with regionally coordinated population projections of 50,000 or more for their active planning areas, which encompass or are near major employment centers, and which are situated along regional transportation corridors.”

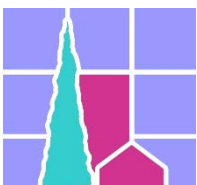
### Transportation Planning Rule: OAR 660, Division 012:

The purpose of the Transportation Planning Rule (TPR) is to guide jurisdictions in Oregon through meeting the broad objectives of the Statewide Transportation Goal, which are to provide a safe, convenient and economic transportation system, while addressing the needs of the transportation disadvantaged. The primary mechanism through which the TPR strives to accomplish its mission is the requirement that jurisdictions within a Metropolitan Planning Organization area adopt a Transportation System Plan (TSP) that contains specific elements, including a public transportation plan, a bicycle and pedestrian plan, a parking plan, and a transportation financing program.

The rule is intended to maintain a balance between the land uses allowed under a comprehensive plan and zoning and the transportation system that supports those land uses. The rule provides that where a proposed comprehensive plan or land use regulation amendment would “significantly affect” an existing or planned transportation facility, then a local government must put in place measures to assure that the land uses allowed by the amendment are consistent with the identified function, capacity and performance standards of the affected facility.

The rule states that an amendment significantly affects a transportation facility if it would:

- (a) Change the functional classification of an existing or planned transportation facility (exclusive of correction of map errors in an adopted plan);
- (b) Change standards implementing a functional classification system; or
- (c) As measured by the end of the planning period identified in the adopted transportation system plan [TSP]:
  - (A) Allow land uses or levels of development that would result in types or levels of travel or access that are inconsistent with the functional classification of an existing or planned transportation facility;
  - (B) Reduce the performance of an existing or planned transportation facility below the minimum acceptable performance standard identified in the TSP or comprehensive plan; or





## Project Context

- (C) Worsen the performance of an existing or planned transportation facility that is otherwise projected to perform below the minimum acceptable performance standard identified in the TSP or comprehensive plan.

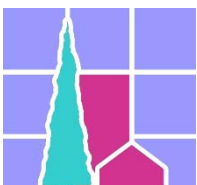
The burden of determining whether an amendment would “significantly affect” a transportation facility lies with local governments. In applying this rule to a proposed amendment, the first step for a local government is to determine whether or not the amendment would “significantly affect” one or more transportation facilities “as measured by the end of the planning period”. This requires the local government first to determine what existing and planned state and local transportation facilities it can count on as being available by the end of the planning period, and second to determine what the impact of the amendment would be on those facilities.

### Metro Regional Functional Plan

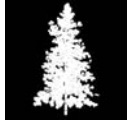
#### Title 11 Requirements

Metro has adopted a regional Urban Growth Management Functional Plan as an implementation measure of the authority vested in Metro by State law. The Plan is codified as part of the Metro Code, at Chapter 3.07, and contains 13 Titles. Title 11 governs “Planning for New Urban Areas”.

Title 11 requires that concept planning be done for newly urbanized areas including planning for residential densities of at least 10 units per net acre, provide a diversity of housing stock, affordable housing, transportation planning, identification and mapping of resource areas to be protected, conceptual public facilities and service plans and a conceptual school plan identifying land and facilities necessary to serve the area.



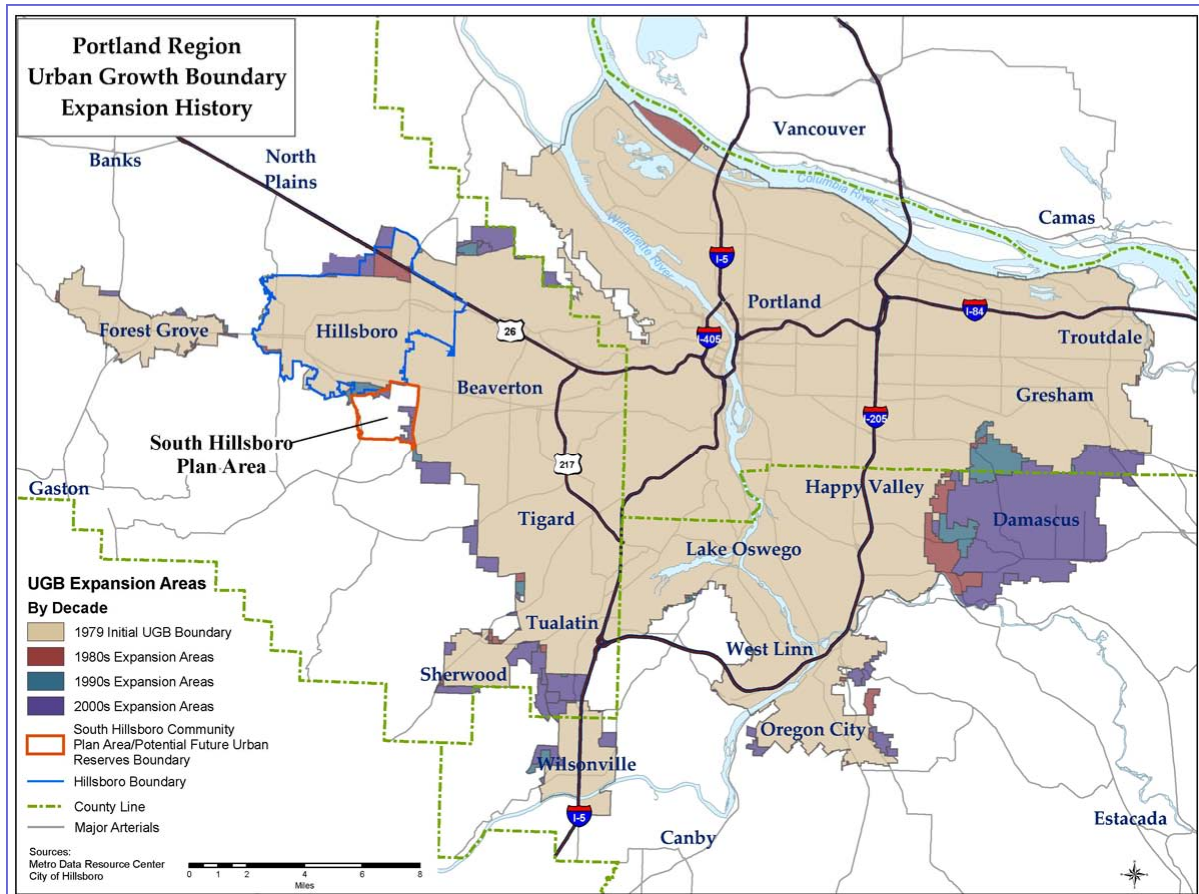




## Project Context

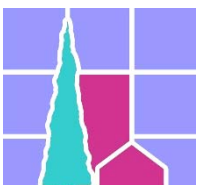
### Urban Growth Boundary Expansion

Current projections forecast 1,000,000 new residents in the Metro Region by the year 2030. Up to 400,000 of these new residents are predicted to reside in Washington County [State Office of Economic Analysis]. More than one third of this growth is due to births within this area, the remaining population increase is in-migration. The existing cities may absorb about 80,000 people, and this could be increased to 160,000 if the public is willing to accept and accommodate additional impacts to the existing *infrastructure*. The



Portland Region Urban Growth Boundary Expansion History [Figure 5]

remaining 240,000 residents will need to be accommodated within new Urban Growth Boundary expansion areas [Westside Economic Alliance]. In order to address this need, Metro's Urban Growth Management Functional Plan Title 11 requires at least 10 units per net residential acre in newly designated Urban Growth Boundary expansion areas. In addition, the state Metropolitan Housing Rule requires that the City "designate sufficient buildable land to provide the opportunity for at least fifty percent (50%) of new residential units to be attached single family housing or multiple family housing. The South Hillsboro Community Plan meets this density target at 10 units per net residential acre and creates a complete community for approximately 25,000 residents. [Population derived from 2.76 people per household from the 2000 U.S. Census] [See Development Program section]





## Community Planning Process

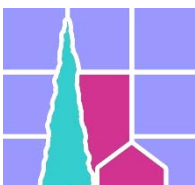
### Framework

The South Hillsboro Community Plan combines regional and local needs and aspirations, and is the result of a collaborative process that involved agency officials, consultants, stakeholders and the general public. The Community Planning Process section includes the following elements:

- ▶ **Metro Great Communities Characteristics**—the eight measures for creating a great community.
- ▶ **Hillsboro 2020 Vision**—the city-wide vision components.
- ▶ **Planning Foundation Summary**—the various regional and local “drivers” that shape land use decision-making.
- ▶ **Public Participation**
- ▶ **Design Principles and Elements**—the site-specific design objectives
- ▶ **Scenario Development**
- ▶ **Concept Plan and Findings**—the refinements to the plan derived from land use and transportation modeling.
- ▶ **Market Consideration**

These elements, or “drivers,” are critical in shaping local and regional planning efforts. The Metro Great Communities Characteristics are a measure of the Community Plan’s performance as a complete community. As a new community in the City, the South Hillsboro Community Plan implements the Hillsboro 2020 Vision. In addition to the Hillsboro 2020 Vision, the Community Plan must apply the Hillsboro Comprehensive Plan policies. To create a unique sense of place, the South Hillsboro Community Plan embodies a strong planning foundation, design principles and elements.

The application of these “drivers” was guided by the Task Force, Technical Advisory Committee, Planning Commission, stakeholder advisory group, consultant team and City staff. The following describes the design principles and considerations that shape the South Hillsboro Community Plan.





## Community Planning Process

# Metro Great Communities Characteristics

The South Hillsboro Community Plan contains all eight characteristics that describe a Great Community. The South Hillsboro Community Plan will help implement the Metro 2040 Growth Concept Plan and the Statewide Planning Program as a model Great Community.

### 1. Community Design

Well-designed areas are more likely to enjoy cohesive community interaction, an involved and active population and thriving business districts. Density, walkability, connectivity and legibility are important attributes of good community design.

Community design for the South Hillsboro Community Plan adheres to all aspects of the Great Community characteristics. The project has sufficient town and neighborhood centers with densities exceeding 16 dwelling units per acre. The centers provide a wide diversity of uses to support and encourage walkability. Connectivity is one of the three key Community Principles guiding the development of the community planning process. The South Hillsboro Community Plan's transportation system considers and provides for automobiles, freight, bicycles, pedestrians and transit-riders. Block sizes range from 250-350 feet on each side. Longer blocks may occur with mid-block pedestrian ways. The community plan preserves and enhances the natural creek corridors, and the Concept-Driven Design section under Greenspace Systems describes these rich, distinctive and site-specific characteristics. Well designed gateways will help create a unique and attractive sense of place. Urban design, architecture and landscape architecture are further discussed in the Development Program section.

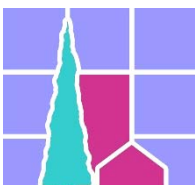
### 2. Complete Communities

It is important to consider how to support the viability of existing communities when adding land to the UGB. Areas should be considered for addition to the UGB only if they fulfill a recognized need.

The South Hillsboro Community Plan helps create "complete communities" by providing for an increasing regional population and helping balance the City of Hillsboro's jobs/housing ratio. The community also includes educational, recreational, and commercial opportunities not currently available to nearby residents. Planning for the entire South Hillsboro plan area rather than just Areas 69 and 71 in isolation is necessary to achieve the Great Communities Characteristics. Neither area can be adequately planned and served without planning for the larger area.

### 3. Ecological Systems

When creating new Great Communities or when enhancing existing ones, ecological systems can and should be preserved. It is critical to the long-term health of the region that urbanization occurs in a way that preserves essential regional natural systems.





## Community Planning Process

The Greenspace Concept provides wildlife habitat and corridors throughout the community. These corridors will be preserved, enhanced and integrated with a series of parks and the BPA powerline corridor to create a greenspace network. Please see the Concept-Driven Design section under Greenspace Systems for more information.

### 4. Optimize Major Public Investments

When the region is making decisions for the long term, it is timely and appropriate to consider previous and future infrastructure investments. Additions to the UGB should optimize existing and/or identify likely future major regional public investments for transportation, sewer, water and other utility infrastructure such as light rail alignments, as well as parks or open space areas.

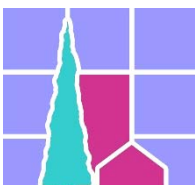
**South Hillsboro is uniquely situated to capture value from surrounding major public investments including:**

- ▶ **Tualatin Valley Highway**—This significant transportation corridor links the City of Hillsboro to the Metropolitan area. The South Hillsboro Plan Area will result in major improvements to this regional public investment.
- ▶ **Railway**—The existing railway alignment offers a unique potential opportunity for future commuter rail transit. The South Hillsboro Community Plan provides a Transit Center located on this railway line.
- ▶ **Cornelius Pass Road**—The community plan sets the alignment for a significant regional north/south connection that anticipates potential future Urban Reserves to the south.
- ▶ **Greenspace/Parks Network**—The South Hillsboro Community Plan preserves and enhances a significant greenspace/parks network that provides habitat, recreation and connectivity.

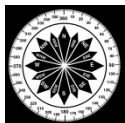
### 5. Governance

One of the most important aspects associated with urbanization is the governance question: specifically, is there a vision for the area and service providers or a jurisdiction that is willing and able to provide urban-level services to an area if added to the UGB? Without this commitment in place, it will be difficult to evaluate how any new area could cost-effectively and efficiently urbanize. As regional and local commitments will be needed to accommodate a share of the region's growth, additions to the UGB should not be made prior to having urban service agreements to implement the vision in place.

The City managed the South Hillsboro Community Plan effort at the request of Washington County. The City expects to sign a formal Memorandum of Understanding (MOU) with Washington County in the near future, formally assigning the City of Hillsboro concept planning responsibility for the entire 2,330 acre project area. The MOU contemplates future annexation of the Community Plan Area to the city over the coming years, substantially consistent with previous urban service agreements between the City of



# Community Planning Process



Hillsboro, the City of Beaverton, Washington County and the affected Special Districts.

The City of Hillsboro is a full service city, providing a full array of urban services to its citizens. The City is the logical provider of urban services to South Hillsboro and will accept the responsibility, for serving any of the Community Plan Area that is now included or may be included by Metro inside the Urban Growth Boundary and is approved for inclusion in the City by a comprehensive plan amendment and annexation.

## 6. Finance

The feasibility of urbanizing a specific area depends on the cost of supplying public services and the governments' ability to finance the capital costs of extending services. Those financial issues are critical to this analysis and development of Great Communities. First, to finance public services, a financially-capable local government, or set of local governments, needs to be established with financing authority. Second, before bringing an area into the UGB, the cost per unit of development of extending primary linear-public services, such as streets, sewer, water and storm drainage must be evaluated. Finally, a plan to finance at least the capital costs of each system needs to be developed prior to bringing an area into the UGB.

**The Implementation Action section describes the infrastructure plan, funding options and phasing program proposed for the South Hillsboro Community Plan.**

## 7. Economy

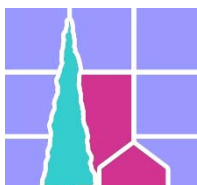
The role of the market cannot and should not be ignored when evaluating areas for UGB expansion and future great community development. A challenge to land use planning is to provide for a sufficient supply of developable land to meet regional needs while maintaining the quality of life that keeps this region a desirable place to live.

**The Market Context section details market considerations for the South Hillsboro Community Plan.**

## 8. Education and Workforce Development

Historically, schools have been a defining element for how citizens relate to their communities, they are commonly one of the central building blocks of a community.

**The South Hillsboro Community Plan envisions several school sites combined with parks. These sites are located to optimize walkability and many are near or adjacent to the greenspace corridor network. The Hillsboro and Beaverton School Districts were participants in the South Hillsboro community planning effort, ensuring appropriate school sites. The Hillsboro School District has reached an agreement to acquire three (3) school sites within the South Hillsboro Community Plan Area.**







## Community Planning Process

# Hillsboro 2020 Vision

## South Hillsboro Community Plan

### Vision Statement

#### Hillsboro: Hometown for the Future

In the year 2020, Hillsboro is our hometown. Within a rapidly changing metropolitan region and global economy, we live in a dynamic community that sustains our quality of life. Here, neighbors, generations and cultures connect. We live and work in balance with nature. Hillsboro is a safe and affordable community, a place our children and their children will be proud to call home.

**T**he South Hillsboro Community Plan implements the Hillsboro 2020 Vision through a comprehensively planned land use and circulation system integrated with the natural stream corridors.

#### Strengthening and Sustaining Community (community identity, cultural diversity, community activities and citizen relationships)

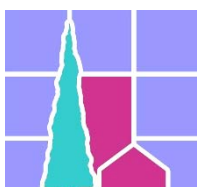
South Hillsboro provides a scale of development that provides the full-spectrum of amenities and services. At the same time, the circulation pattern of streets and greenspace corridors ensures connectivity associated with small-town living. The town center, neighborhood center, schools, parks, and greenspace corridors offer numerous opportunities for events and gathering places.

#### Enhancing Neighborhoods and Districts (connecting neighbors and businesses to the larger community; parks, transportation, housing)

The South Hillsboro Community Plan blends the **wetlands** corridors with the powerline corridor to create a greenspace network with a unique sense of place. South Hillsboro creates new neighborhoods with their own “unique atmosphere and various lifestyles.” The town and neighborhood centers provide a range of business opportunities serving both this community and the neighboring communities. Numerous parks connected by the greenspace network provide an array of recreational opportunities. A transit center located on the TV Highway / railway corridor will connect residents with downtown Hillsboro and the greater metropolitan area.

#### Preserving the Environment (natural resources protection and preservation, air and water quality)

The South Hillsboro Greenspace Concept envisions a balanced approach to development with natural resource preservation. See the Greenspace System in the Concept-Driven Design section.



# Community Planning Process



## Creating Economic Opportunity (jobs and the workforce, business development)

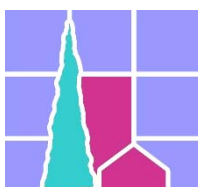
The South Hillsboro Town Center and Neighborhood Center provide two unique commercial opportunities providing the spectrum of uses from **mixed-use** to civic. Regional commercial needs will be served via the Town Center; local commercial needs will be met by the Neighborhood Center. TV Highway provides the east-west axis for the regional Town Center. Cornelius Pass provides the north-south axis connecting the Town Center with the Neighborhood Center.

## Expanding Educational and Cultural Horizons (education and learning, arts and culture)

The South Hillsboro Community Plan includes a school network designed in coordination with the Hillsboro and Beaverton School Districts. These schools will serve the entire South Hillsboro community and portions of surrounding neighborhoods that need additional capacity. The Town Center envisions a civic component for a community center and an extension of the Hillsboro Public Library.

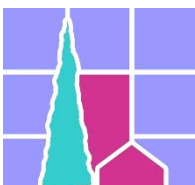
## Promoting Health and Safety (police, fire, emergency response services; assisting at-risk youth; health and human services)

The South Hillsboro Community Plan will create neighborhoods with a strong identity that encourage community-based policing and preventive programs for emergency services. A fire station is envisioned within the Town Center and a police sub-station may be included with the Civic space. The circulation system ensures rapid response-times for emergency services.





## Community Planning Process



# Planning Foundation

In order to better plan for the future of South Hillsboro, this community plan proposes a comprehensive approach that includes the Urban Growth Boundary (UGB) expansion Areas 69 and 71, the South Hillsboro Community Plan area, potential future urban reserves, and adjacent sites. This holistic approach helps ensure the area will become a more healthy, safe and vibrant community through five key elements:

### Concurrency

**Concurrency** planning serves to “coordinate orderly, efficient, and timely development with the provision of adequate public services and facilities”. This critical effort is often termed **concurrency**—funding and developing infrastructure as needed. Improvements to existing and future streets, water/sewer systems, and many other public facilities should be coordinated on a large scale. The South Hillsboro Community Plan serves to guide **concurrency** on an area-wide basis rather than an incremental approach.

### Public Participation

As a democratic society, we value participatory decision-making, and citizen involvement is a key element in planning. Planning provides the forum for community consensus building. The South Hillsboro Community Plan involved a significant public participation process that included the general public, focus groups, a citizen-led Task Force, stakeholders, and a Technical Advisory Committee.

### Public/Private Interests

Planning serves to help balance public and private interests. The market system does not address societal need, and planning provides a basis for identifying where and how governmental regulation should occur. In addition to public participation, the project is a collaborative design with City staff, consultants and property owners.

### Environmental Management

The complexity and scope of human activity related to the natural environment requires more planning to ensure significant adverse impacts can be avoided or mitigated. In combination with population expansion, growth management must be planned in consideration for intergenerational equity (sustainable development) as well as environmental management. By planning for the larger area, a green space network can be developed that preserves and enhances significant natural areas.

### Stability

Planning provides a framework for the future and helps ensure economic and social stability. The Comprehensive Plan and implementing zoning help establish expectations and value for future development. The Comprehensive Plan provides a blueprint, and zoning describes the “nuts and bolts” to achieve that vision. The South Hillsboro Community Plan provides the vision and tools to ensure a vibrant, stable community.



## Community Planning Process

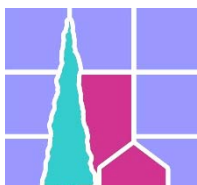
# Public Participation Summary

Stakeholders from within and beyond the South Hillsboro Community Plan area were engaged throughout the planning process. Public input was received during citizen-led Task Force meetings, three project open houses, two community forums, one scenario planning workshop, stakeholder interviews, a housing market focus group session, a local business community meeting, several Citizen Participation Organization (CPO) meetings and a Hillsboro Vision 2020 Town Hall event. Public feedback was also obtained through email, letters, surveys, and comment cards. Over twelve-thousand

The screenshot shows the South Hillsboro City website. The header includes the city name and a navigation bar with links: Home, Description, FAQ, Public Info, Time Schedule, and Contacts. The main content area has a section titled 'How can I get involved?' with text about contacting Karla Antonini at 503-681-6181 or via email at [karlaa@ci.hillsboro.or.us](mailto:karlaa@ci.hillsboro.or.us). Below this is a section titled 'Public Participation Outreach' with text about newsletters and meeting notifications. At the bottom, there is a section titled 'NEW DATES – Public Participation Events' listing two meetings: 10.29.07 2:00-4:00 pm TAC Meeting #5 and 10.29.07 4:30-6:30 pm Citizen Task Force #5. To the right of the text are three aerial photographs of the study area.

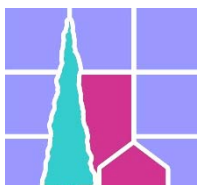
South Hillsboro Website [www.SouthHillsboro.net](http://www.SouthHillsboro.net) [Figure 6]

[12,000] project newsletters, comment cards and meeting notifications were mailed to property owners in-and-around the study area. The interactive project website ([www.southhillsboro.net](http://www.southhillsboro.net), Figure 6) and local newspaper articles publicized upcoming project events. The project website served as an important resource for providing the public with relevant documents, reports, and images.





## Community Planning Process



# Design Principles & Elements

The South Hillsboro Community Plan is based on numerous scenarios that evaluated various land use and development strategies. Through public workshops, open houses and charrettes, ten Design Principles were formulated:

## Design Principles

1. **Natural features** should be preserved and incorporated into the community.
2. The community should be **walkable**.
3. Overall development density should be **compatible with area-wide density**.
4. Development along **TV Highway and the railroad** should be compatible and appropriate.
5. Development along **209<sup>th</sup> Avenue** should have limited access with no driveways and limited intersecting roads.
6. **North/south connectivity** should serve regional needs.
7. **East/west connectivity** should encourage neighborhood access to future amenities.
8. **Residential diversity** should be promoted with estate housing near the golf course and higher density housing centered around commercial and civic uses.
9. Commercial development should take the form of **small neighborhood centers** and/or a town center; not strip development.
10. The community should have a **unique character and identity**—an extraordinary sense of place.

Two Concept Plan scenarios evaluated different development programs and considered such options as a centralized town center, couplet circulation pattern, corridor development, and others. Compatible characteristics from each plan were retained, and elements that were less appropriate removed. The Hybrid Scenario identified the following development program elements that matched the Design Principles:

## Design Elements

### Gordon Creek Wetlands

Incorporate wetland corridors into the Town Center.

### Wetlands Corridors

Incorporate **wetlands** into neighborhoods.

### Walkable Schools, Parks, Neighborhoods and Centers

Combine schools, parks and **open space** corridors to make them walkable for children. Integrate **open space** and transportation corridors to make neighborhoods, public spaces and commercial areas all walkable.

### Golf Course Related Development

Locate a tourism/commercial site adjacent to the existing golf course.

### Powerline Corridor

Include active **open space** and trails connecting parks and schools.





## Community Planning Process

### Area-wide Compatibility

Locate the highest densities internally along the central corridor.

### TV Highway / Railroad Compatibility

Locate the ***mixed use***, town center, and transit center adjacent to the highway/railway corridor.

### SW 209th Avenue Compatibility

Provide a landscape and screening buffer with “green street” design along SW 209th Avenue. [See Urban Design section]

### Cornelius Pass Road Connectivity

Develop a Major Arterial through the site for north/south connectivity.

### Century Boulevard Connectivity

Merge Century Boulevard with 229th Avenue.

### Powerline Corridor

Design significant ***open space*** connectivity for compact neighborhoods connecting with the Town Center and Neighborhood Center.

### Street Pattern

Design and develop a grid system for optimum connectivity.

### Residential Diversity

Locate the workforce/affordable housing near transportation and other services. Provide different levels and types of affordable housing throughout the community.

### Town Center Design

Provide both a main street, town center and transit center.

### Town Center Location

Locate the Town Center at Tualatin Valley Highway and Cornelius Pass Road.

### Neighborhood Center

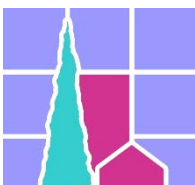
Locate the Neighborhood Center along Cornelius Pass Road.

These design elements provided the framework to develop the Hybrid Scenario which was further adjusted to meet state requirements for multi-family housing opportunities and Metro requirements for 10 units per net residential acre.

### Smart Development Principles

The South Hillsboro Community Plan adheres to Smart Development Principles developed by Livable Oregon Inc. and the American Planning Association:

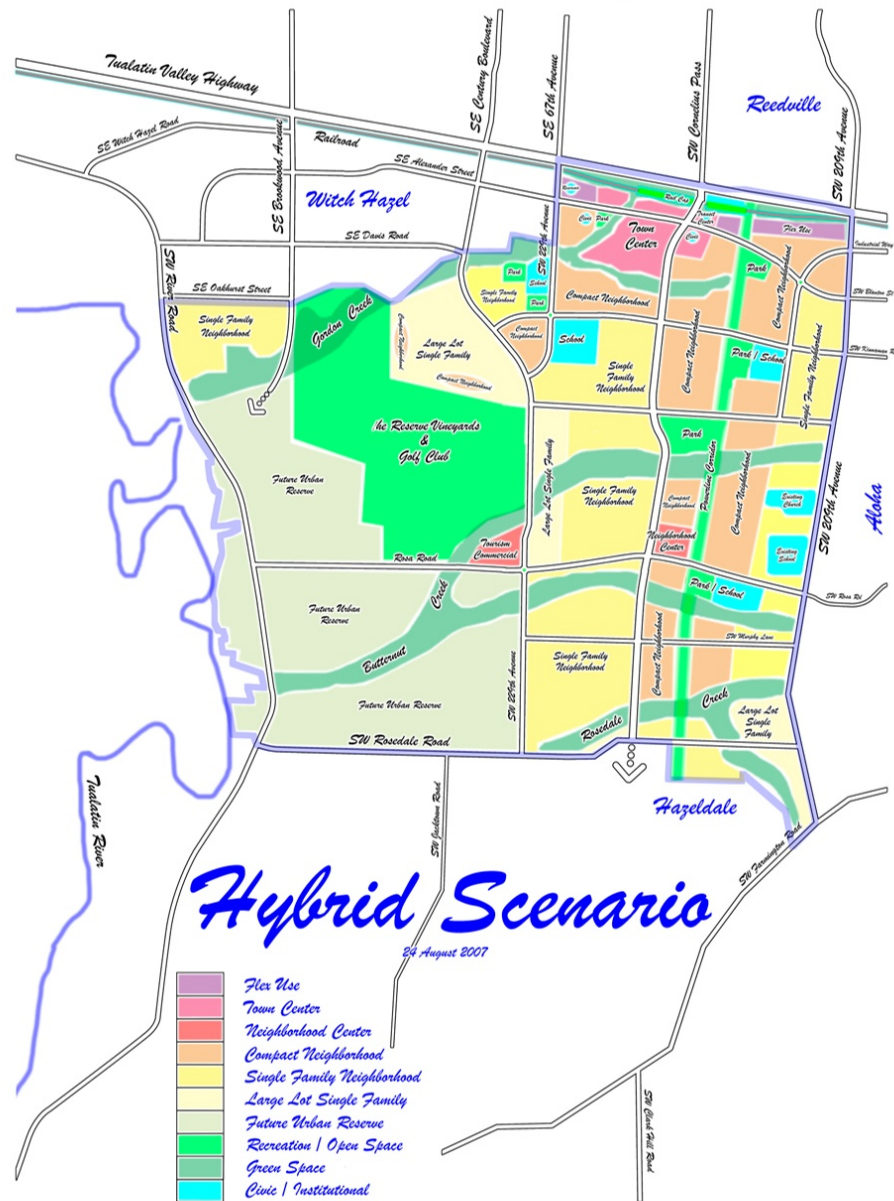
1. Efficient Use of Land Resources
2. Full Use of Urban Services
3. ***Mixed Use***
4. Transportation Options
5. Detailed, Human-Scale Design
6. Implementation





## Community Planning Process

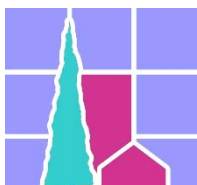
### South Hillsboro Community Area Plan



South Hillsboro Hybrid Scenario [Figure 7]

## Scenario Development

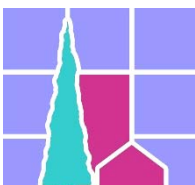
Elements of several Concept Plan scenarios were blended to create the South Hillsboro Hybrid Scenario. This scenario formed the basis for creating the South Hillsboro Concept Plan which further refined the land use and circulation system based on more extensive modeling and analysis. The plan went through extensive design evolutions with the following phases:





## Community Planning Process

1. **Scenario Development**—The Task Force, Technical Advisory Committee, public, staff and consultant teams created a series of scenarios to explore possible community designs. This effort culminated in the preparation of a Final Hybrid Scenario (Figure 7) that blended the best features of the proposed scenarios.
2. **Conceptual Planning**—The Task Force, Technical Advisory Committee, staff and consultant teams further refined the Final Hybrid Scenario to meet State, Metro, service agencies, and City requirements. This effort culminated in the Concept Plan [Figure 8]
3. **Comprehensive Plan**—The land uses for the Concept Plan are converted to City Comprehensive Plan designations and formed the South Hillsboro Community Plan [Figure 14]





Refinements to the Hybrid Scenario create a Concept Plan Map that reflects the cumulative development opportunities and constraints [Figure 8]. When the City of Hillsboro Comprehensive Plan designations are applied to the Concept Plan, the result is the new South Hillsboro Community Plan [See Figure 14, page 44].







## Development Program

# Concept-Driven Design

### Concept—Theme—Design

Concept-driven design provides a framework for creating a comprehensively-planned, cohesive community. Key concepts are derived from the “urban trilogy”: social development, economic strategies, and environmental quality. The South Hillsboro Community Planning process has interpreted these as **complete**, **connected** and **green**. These Community Plan concepts are easily described “stories” for the community which can be



Town Center Model Orthographic View [Figure 9]

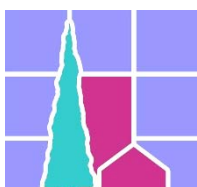
used to create themes or thematic designs for the community. These themes provide the imagery for detailed urban design, architecture and landscape architecture. The concepts for South Hillsboro have direct correlations to the Hillsboro 2020 Vision and Metro Great Communities. Concept-driven design ensures these principles and goals are implemented through project development.

### COMPLETE—Lifestyle System

Complete means the spectrum of land uses for live-work-*third places*. This translates to where we live; where we work or attend school; and where we spend our time outside of home and work. The South Hillsboro Community Plan provides a balance of land uses to accommodate each of these.

Providing shelter creates space for “inhabitants.” Providing a home creates space for “residents.” But providing a community creates space for “citizens.”

The South Hillsboro Community Plan provides both a sense of place and a sense of community. This “complete community” concept is directly related







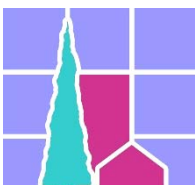
## Development Program

to the six key focus areas of the Hillsboro 2020 Vision as described in the Hillsboro 2020 Vision section of this report. It also mirrors the Metro Great Communities "Complete Communities" characteristics. The South Hillsboro Community Plan provides a unique opportunity to create a new, complete community with the full spectrum of land uses and public services. In addition, the Community Plan will provide affordable housing, parks and recreation and will accommodate age and income diversity. Lifestyle themes include a town center, neighborhood center, compact, single-family and large-lot single-family neighborhoods. South Hillsboro will be a life-cycle community serving all segments of the population. The physical design:



Town Center Model Oblique View [Figure 10]

- ▶ Creates a transitional community, with more intense uses close to TV Highway, becoming less intense moving outward toward a long term Urban Growth Boundary. The transition from higher to lower densities is referred to as an "urban transect" in new urbanist planning. The South Hillsboro Community Plan urban transect radiates from the centers and corridors.
- ▶ Integrates a Town Center with commercial, residential, *mixed-use*, civic uses, transit center, and the greenspace system.
- ▶ Integrates a Neighborhood Center with commercial, residential and the greenspace system.
- ▶ Integrates compact neighborhoods with the Town and Neighborhood Centers, schools and the greenspace system.
- ▶ Integrates single-family neighborhoods with schools and the greenspace system. The Hillsboro School District currently has acquired or have below-market contracts to acquire three (3) sites, and a fourth school site





## Development Program

remains to be acquired.

- ▶ Creates **third places** that benefit both the immediate plan area and the larger Hillsboro/Washington County community.

### CONNECTED—Multi-Modal Transportation / Communications System

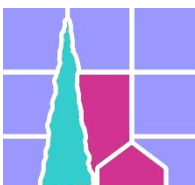
Connectivity is key to creating a cohesive, complete community. The South Hillsboro Community Plan provides a circulation system and greenspace system that promotes walkability and enables multi-modal transportation options. Different neighborhood orientations to streets, greenspace areas and other design features help create themes. These thematic areas include corridors, walking/biking trails, the north-south extension of Cornelius Pass Road, and the TV Highway / railway corridor. The physical design includes the following elements:

- ▶ Grid pattern circulation system to accommodate streets, bike lanes and sidewalks.
- ▶ Greenspace circulation system to accommodate walkways, bicycle and hiking trails.
- ▶ Transit center to enable a future bus/commuter rail transit system. The transit center will support a potential future commuter rail line, an expansion of the TriMet system, park & ride, and/or other transit systems such as a tram or trolley. The transit center provides a hub for city-wide (OHSU/AmberGlen, Orenco Station, Downtown, Evergreen Corridor, and the Tanasbourne Town Center) and regional transportation.
- ▶ East/west TV Highway corridor expansion to increase regional connectivity.
- ▶ North/south extension of Cornelius Pass Road to enable future expansion for regional connectivity.
- ▶ Transportation planning envisions linkages to Downtown Hillsboro, North Hillsboro employment and OHSU/AmberGlen via the circulation system and expanded transit system.

### GREEN—Greenspace System

The Greenspace system includes the natural stream corridors, the BPA powerline corridor, new parks and trails. Collectively these form a greenspace system that links the community both internally and with adjacent neighborhoods. The themes for this concept include riparian habitat, passive and active recreation, and **open space** preservation. The powerline corridor creates a unifying feature for orienting the compact neighborhoods. The physical design for this concept includes:

- ▶ Connect east-west stream corridors with north-south wildlife travel corridors.
- ▶ Use the powerline corridor as a north-south greenspace connector for





## Development Program

- ▶ trails and active recreation. The corridor will be designed to ensure public health and safety through regulated design and practices.
- ▶ Preserve wide forested areas (over 200 feet wide) to provide habitat for interior forest species.
- ▶ Maintain wetland/stream hydrology in sub-basins (develop stormwater master plan).
- ▶ Incorporate trails/passive recreational opportunities in outer edges of greenspace areas.
- ▶ Expand future greenspace to improve connectivity with Tualatin River.
- ▶ Use natural buffers as part of the UGB where possible, to complete the transition to agricultural uses.
- ▶ Realign the railway to extend further south and use the additional right-of-way for a landscaped greenspace corridor parallel to the Tualatin Valley Highway. This corridor will be a walkway/bikeway corridor as well as an aesthetic treatment for the railway and highway.
- ▶ Promote *Habitat Friendly Development Practices*.

### Opportunities for Greenspace Expansion

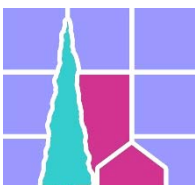
- ▶ Restore historic *wetlands* in mapped hydric soil areas for:
  - ♦ Gordon Creek headwaters.
  - ♦ Butternut Creek tributary headwaters.
  - ♦ Rosedale Creek headwaters.
- ▶ Create wetland mitigation bank(s).
- ▶ Create riparian/upland forest to connect existing mature forest patches to:
  - ♦ Create wildlife travel corridors to connect Gordon Creek, Butternut Creek, Rosedale Creek, and Tualatin River.
  - ♦ Create large forested area near confluence of Butternut Creek and Butternut Creek tributary.
  - ♦ Expand future riparian/upland forest along Tualatin River.

### Benefits for the Community

- ▶ Creation of meaningful wildlife habitat.
- ▶ Recreational & educational opportunities.
- ▶ Incorporate regional stormwater treatment with wetland restoration.

### Leadership in Energy and Environmental Design, Neighborhood Development (LEED ND)

The U.S. Green Building Council is developing a program to evaluate the smart growth and sustainability of new communities.





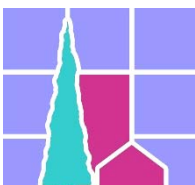
## Development Program

The LEED for Neighborhood Development Rating System integrates the principles of smart growth, urbanism, and green building into the first national standard for neighborhood design. LEED certification provides independent, third-party verification that a development's location and design meet accepted high standards for environmentally responsible, sustainable, development.

The criteria include the following categories:

- ▶ Smart Location & Linkage
- ▶ Neighborhood Pattern & Design
- ▶ Green Construction & Technology
- ▶ Innovation & Design Process

Based on a preliminary evaluation, the South Hillsboro Community Plan qualifies for **Gold or Platinum Certification**. [See Appendices LEED ND Pilot Project Checklist]







## Development Program

# Urban Design, Landscape Architecture & Architecture

Urban design, landscape architecture and architecture for the South Hillsboro Community Plan follow the design concept themes. This allows considerable design flexibility while maintaining a consistent quality and sense of place throughout the planning area. Community-wide design guidelines provide guidance for the entire South Hillsboro Community Plan.



Neighborhood Center Model Oblique View [Figure 11]

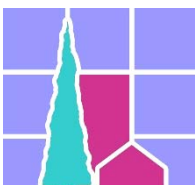
Additional design guidelines for Reed's Crossing and Butternut Creek are also provided to create individual neighborhood character.

### 3D Model

A 3D model was prepared to help visualize the built-out South Hillsboro Community Plan. The Google Sketchup model can be manipulated to view from any perspective and programmed to “fly over” areas or “walk down” streets. A “flythrough” video of the model is available online at [www.SouthHillsboro.net](http://www.SouthHillsboro.net). Individual frames are shown by Figures 9, 10 and 11.

### Community Design

- ▶ **Town Center and Neighborhood Center Character**—The two community centers will have cohesive design guidelines describing their urban design, landscape architecture and architecture. The Town Center will have a strong urban character, and the Neighborhood Center a more rural character to emphasize their separate community functions.

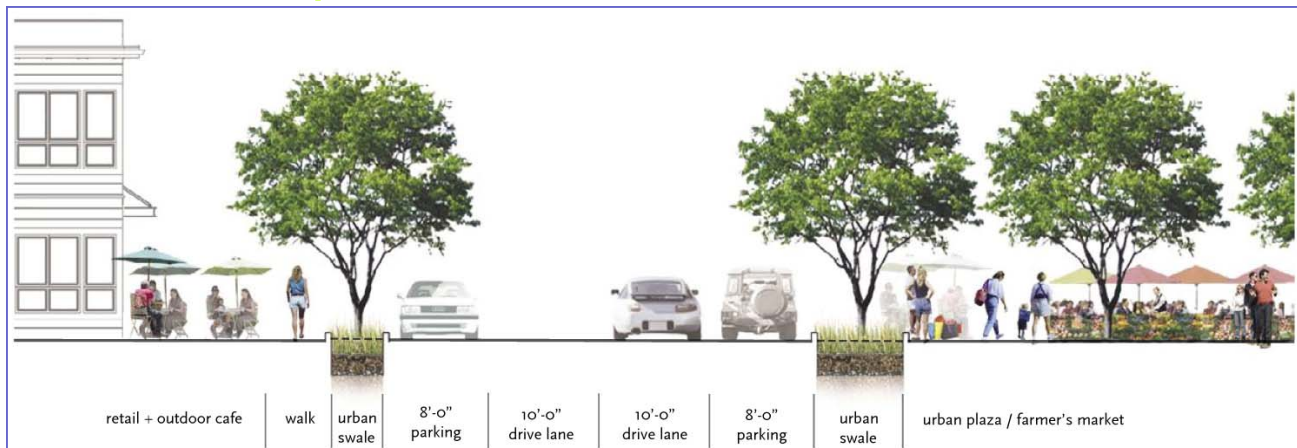






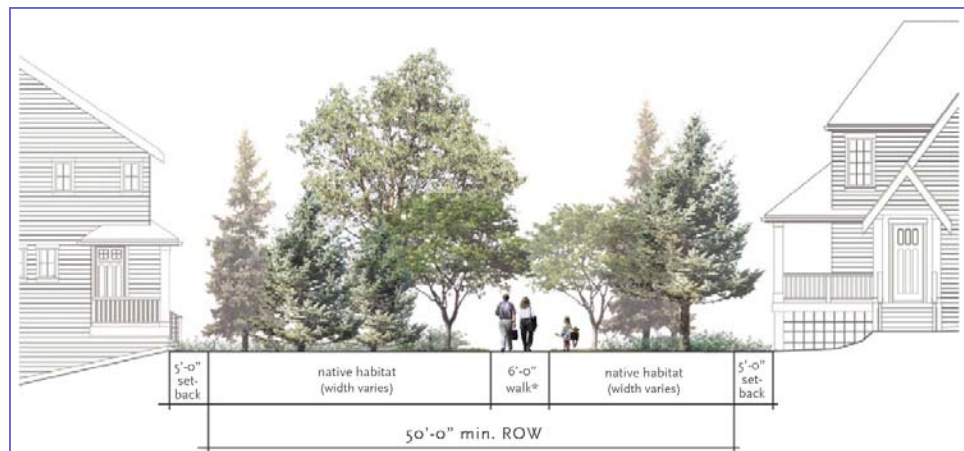
## Development Program

- **Neighborhood Character**—Consistent urban design, landscape architecture and architecture that is compatible with the design concepts and themes will be required for all neighborhoods.
- **Streetscapes**—Streetscapes will follow a hierarchy of design with the following scale: principal arterials, arterials, collectors, neighborhood routes, local streets, and alleys. Arterials and collectors will have a consistent design throughout the community; local streets, alleys and other specialized streets may have individual neighborhood designs.



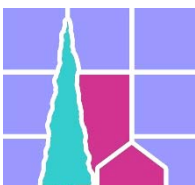
**Town Center Street and Urban Plaza [Figure 12]**

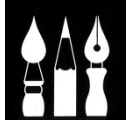
- **Greenstreets**—Streets will employ **greenstreet** designs where technically feasible to integrate a system of stormwater management within its right of way; reduce the amount of water piped directly to streams and rivers; be a visible component of a system of “green infrastructure” that is



**Reed's Crossing Wildlife Corridor [Figure 13]**

incorporated into the aesthetics of the community; make the best use of the street tree canopy for stormwater interception as well as temperature mitigation and air quality improvement; and ensure the street has the least impact on its surroundings.

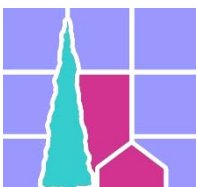




## Development Program

- ▶ **Traffic Calming**—Streets will employ traffic calming techniques to provide for efficient and safe vehicle and pedestrian travel. Traffic circles, roundabouts, woonerfs (“home streets” that are pedestrian-oriented) and other techniques will be incorporated throughout community neighborhoods.
- ▶ **Gateways**—Gateways will follow a hierarchy of design consistent with the streetscape hierarchy. Entrances to the project, community centers, neighborhoods, greenspaces and parks will have a consistent design character.

[See Appendices Reed's Crossing Study Area & Design for large-scale graphics and design details]

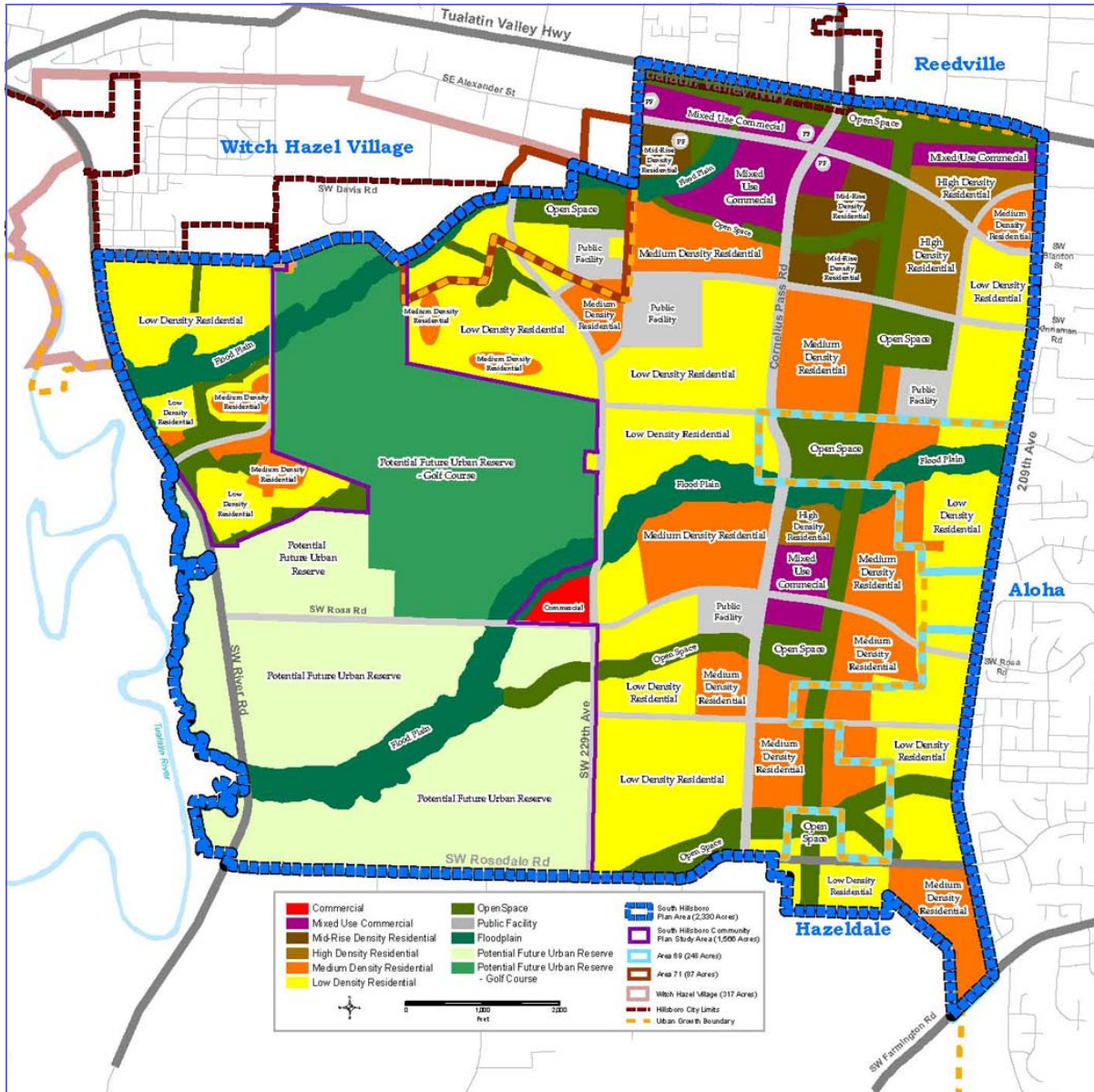




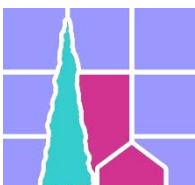
## Development Program

# Comprehensive Plan Land Use

This summary is provided to outline the method by which the South Hillsboro Comprehensive Plan will be implemented. The primary goal of this process is to utilize the City's existing Comprehensive Plan land use and Zoning District designations rather than create new ones. The land uses proposed in the South Hillsboro Community Plan will be matched to the most commensurate



South Hillsboro Community Plan [Figure 14]



existing designations the City has at its disposal. These designation are reflected on Figure 14.



## Development Program

Development of the South Hillsboro Community Plan will allow flexibility in blending densities as outlined in the next section.

### Background

The City utilizes a two-map system of implementing land use. The guiding map is the Comprehensive Plan Land Use Map which assigns specific land use categories (e.g. Commercial, Industrial, **Open Space**, and Residential of varying densities) to property within the City's planning area. The Comprehensive Plan designations are then implemented by corresponding zoning districts on the City's Zoning Map for property located within the city limits. The zoning districts address the specific uses allowed (outright or conditionally) and the development standards applicable to each district.

### South Hillsboro Community Plan

The South Hillsboro Concept Plan identifies ten distinct land use categories:

- ▶ **Mixed Use** / Flex Use
- ▶ Town Center
- ▶ Neighborhood Center
- ▶ Compact Neighborhood
- ▶ Single Family Neighborhood
- ▶ Large Lot Single Family
- ▶ Potential Future Urban Reserves
- ▶ Recreation / **Open Space**
- ▶ Green Space
- ▶ Civic / Institutional

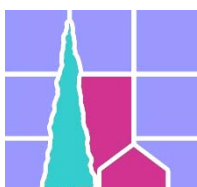
Table 1 shows these land use categories.

The goal of this process is to assign each of these land use categories to the most commensurate Comprehensive Plan Land Use designation the City currently uses. In the case of the residential districts, the densities proposed by each category are assessed to match it to the appropriate residential Comprehensive Plan designation. The City's existing residential designations are as follows:

Low Density Residential (RL) – 3 to 7 units per net acre  
 Medium Density Residential (RM) – 8 to 16 units per net acre  
 High Density Residential (RH) – 17 to 23 units per net acre  
 Mid-Rise Residential (RMR) – 24 to 30 units per net acre

The Compact Neighborhood provides several housing types that cover multiple existing Comprehensive Plan designations (RM, RH, and RMR). However, the concept planning process identified a specific percentage for each housing type which can then be allocated to the appropriate residential plan designation on the Comprehensive Plan map.

Table 2 identifies the corresponding Comprehensive Plan Map designation for each land use identified on the South Hillsboro Concept Plan.





## Development Program

Study Area Land Use [Table 1]

Study Area Land Use	Gross Acres	Acres %	Gross Area Reductions	Net Resid. Acres	Estimated Dwelling Units	Units per net Resid. Acre	Estimated Buildout Population
Flex Use	21.5	0.9%	(2.2)	19.4	371	19.2	1,024
Town Center	45.1	1.9%	(4.5)	40.6	779	19.2	2,150
Neighborhood Center	16.8	0.7%	(1.7)	15.1	289	19.1	798
Compact Neighborhood	399.1	17.1%	(39.9)	359.2	5,132	14.3	14,164
Single Family Neighborhood	397.1	17.0%	(39.7)	357.4	2,144	6.0	5,917
Large Lot Single Family	141.7	6.1%	(14.2)	127.5	508	4.0	1,402
Tourism Commercial	8.5	0.4%	(8.5)	-	-	-	-
Potential Future Urban Reserves	741.3	31.8%	(741.3)	-	-	-	-
Recreation/Open Space	132.4	5.7%	(132.4)	-	-	-	-
Green Space	201.0	8.6%	(201.0)	-	-	-	-
Civic	70.3	3.0%	(70.3)	-	-	-	-
Major Streets	154.5	6.6%	(154.5)	-	-	-	-
<b>Total</b>	<b>2,329.3</b>	<b>100%</b>	<b>(1,410.1)</b>	<b>919.2</b>	<b>9,223</b>	<b>10.0</b>	<b>25,455</b>
<b>Percent of Total</b>	<b>100%</b>		<b>61%</b>	<b>39%</b>			

Gross Area Reductions are 100% of non-residential areas and 10% of residential areas for local streets

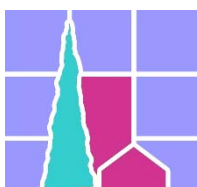
Assumptions:

- BPA Right of Way = Recreation/Open Space
- Existing schools = Civic
- Golf Course = Potential Future Urban Reserve
- Population based upon U.S. Census 2000 estimate for Hillsboro of 2.76 persons per household

### Zoning

City zoning districts would be applied to properties once the property is annexed into the City. The zoning that will be applied is determined by the Comprehensive Plan designation, and in the case where more than one zone is available to implement the Comprehensive Plan designation, then the zone that best implements the South Hillsboro Community Plan will be chosen. The following is a summary of the zones that should be applied within the South Hillsboro Community Plan area based on the Comprehensive Plan designations discussed above:

**Flex Use/Mixed Use, Town Center and Neighborhood Center** on the South Hillsboro Community Plan should be zoned **Mixed Use – Commercial District**







## Development Program

(MU-C). The Mixed Use – Commercial District is designed to provide for a mix of larger-scale commercial and residential uses with design amenities that provide equal accommodations for pedestrians and motorists.

**Compact Neighborhood** in the South Hillsboro Concept Plan is comprised of residential uses ranging in density from 7 units per net acre to 33 units per net acre. The higher density Compact Neighborhood would be located in the immediate vicinity of the Town Center. This portion should be zoned A-3 Multi-Family Residential. Extending a little further away from the Town Center and

**Community Plan Area Comprehensive Plan Designations [Table 2]**

Community Plan Area Comp Plan Designation	Gross Acres	Acres %	Gross Area Reductions	Net Resid. Acres	Estimated Dwelling Units	Units per net Resid. Acre	Estimated Buildout Population
Low Density Residential	538.7	34.4%	(53.9)	484.8	2,652	5.5	7,320
Medium Density Residential	308.8	19.7%	(30.9)	277.9	3,560	12.8	9,826
High Density Residential	48.7	3.1%	(4.9)	43.8	712	16.2	1,965
Mid-Rise Density Residential	41.5	2.7%	(4.2)	37.4	860	23.0	2,374
Mixed Use Commercial	83.4	5.3%	(8.3)	75.0	1,439	19.2	3,972
Commercial	8.5	0.5%	(0.8)		-	-	-
Public Facility	196.9	12.6%	(196.9)	-	-	-	-
Open Space	244.0	15.6%	(244.0)	-	-	-	-
Floodplain	94.2	6.0%	(94.2)	-	-	-	-
<b>*Total</b>	<b>1,564.7</b>	<b>100%</b>	<b>(638.0)</b>	<b>919.0</b>	<b>9,223</b>	<b>10.0</b>	<b>25,455</b>
Percent of Total	100%		41%	59%			

\*Total includes only the Plan Area - does not include Potential Urban Reserves

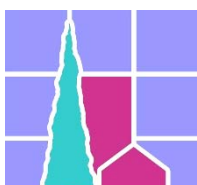
Gross Area Reductions are 100% of non-residential areas and 10% of residential areas for local streets

- Population based upon U.S. Census 2000 estimate for Hillsboro of 2.76 persons per household

another area just north of the Neighborhood Center are residential uses that would fall in the 17 to 23 units per acre range and should be zoned A-4 Multi-Family Residential. Lastly, the Compact Neighborhood uses located furthest from either the Town Center or Neighborhood Center should be zoned R-4.5 Single Family Residential (8 to 10 units per net acre) or A-1 Duplex Residential (11 to 16 units per net acre).

**Single Family Neighborhood** areas identified on the South Hillsboro Concept Plan are intended for lower density single family detached residential uses. These areas could be zoned either R-6 (6,000 square foot minimum) or R-7 (7,000 square foot minimum). The City would need to amend the Zoning Ordinance to allow R-6 to occur within the South Hillsboro Concept Plan area due to a code provision which currently limits its applicability to a specific geographic area identified on the 1983 Urban Planning Area Agreement map.

**Large Lot Single Family** areas would provide the opportunity for larger lot "executive housing" within the South Hillsboro Concept Plan area. This would most likely be focused in the area surrounding the Reserve Vineyards and





## Development Program

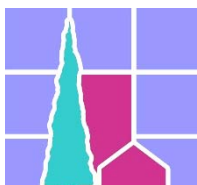
Golf Club. Zoning in this location should be either R-8.5 (8,500 square foot minimum) or R-10 (10,000 square foot minimum).

The Public Facility, **Open Space**, and Floodplain designations do not have corresponding implementing zones. Typically, these lands are zoned to be consistent with the adjoining land uses. Planned uses that would be anticipated for these lands (e.g. schools on the Public Facility lands, park or recreational activity on the **Open Space** lands) are reviewed through the City's Conditional Use process.

### Development Process

Land division applications (partitions or subdivisions) within the South Hillsboro Community Plan area will be processed per the provisions of the City's Subdivision Ordinance (No. 2808). Partitions are reviewed administratively. Subdivisions may be reviewed either administratively, or if conditions warrant, may be reviewed in a public hearing by the Planning Commission. Planned Unit Developments are also reviewed through the public hearing process by the Planning Commission under the standards contained in Section 127 of the Zoning Ordinance (No. 1945).

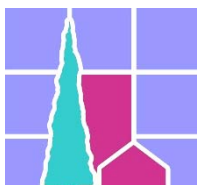
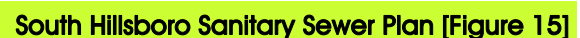
In a situation where an applicant submits a subdivision application and the subject property includes multiple residential zoning designations, the City should consider a mechanism that would allow the applicant to blend those densities and uses over the project site. This opportunity should be limited to only residential uses. Non-residential uses should continue to occur at the location and intensity identified in the South Hillsboro Community Plan. If an applicant chooses to blend densities and uses there should be a transitional buffering at the project edges to best provide compatibility with adjoining uses or designations.





## Existing Infrastructure

### Sanitary Sewer



**A** 24" trunk sewer in Davis Road extending from the River Road Pump Station to SW 234<sup>th</sup> Avenue is currently being constructed. The trunk sewer is designed to serve 525 acres. The service area includes a significant





The Clean Water Services “Aloha Pump Station” on SW 209<sup>th</sup> Avenue near SW Stoddard Drive and the Cross Creek Pump Station further south on 209<sup>th</sup> Avenue near SW Murphy Lane can serve Area 69 of the South Hillsboro planning area.





## Development Program

### Water

Existing 8" and 10" waterlines to the northwest of the study area provide distribution to current development in that area and will eventually be connected to the grid for the South Hillsboro planning area. An existing 42" transmission line is located at the south side of the railroad tracks along the north edge of the South Hillsboro planning area. Connection to this line will be made to serve south into the planning area.

The City of Hillsboro Water Department and Tualatin Valley Water District (TVWD) service area boundary line is at SW 209<sup>th</sup> Avenue. TVWD has two water lines in SW 209<sup>th</sup> Avenue that normally would not provide service to the South Hillsboro planning area.

The potential to use Tualatin River water for landscape irrigation was explored. There are no irrigation water rights available for the regular (dry) season. The river water is over appropriated and possibly has been for 20-30 years. It is possible that out of season rights, December to April, may be available, but additional research would be required to identify the quantity and location on the main river channel or creek tributaries. Another option would be to acquire transfer of an existing right from say, current land owners or farmers long the Tualatin River tributaries within the South Hillsboro Study Area.

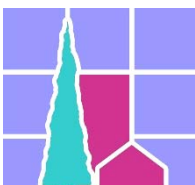
### Storm Drainage

Development to the west and north of the study area includes storm drainage conveyance, storage and treatment of the areas consistent with standards in place at the time of the respective land use action. Outfall from these systems is to natural drainage tributaries of the Tualatin River. Throughout the South Hillsboro planning area ditches provide storm water management along roadways. Large agricultural tracts have surface ditches that direct flow to natural conveyances.

### Parks System

The City of Hillsboro currently has no park or recreation facilities located within the South Hillsboro Community Plan Study Area. The City owns park facilities in the vicinity of South Hillsboro north of Tualatin Valley Highway, and, west of 229<sup>th</sup> Avenue south of Tualatin Valley Highway. North of the Tualatin Valley Highway, facilities include Reedville Creek Park located at the intersection of Frances Street and Cornelius Pass Road and the Paula Jean and Trachsel Meadows Parks located in the Bonneville Power Administration (BPA) right-of-way east of Cornelius Pass Road, south of Baseline Road and north of Johnson Street. The BPA right-of-way north of Tualatin Highway extends south into the Community Plan Study Area. South of the Tualatin Valley Highway, Rood Bridge Park is located west and south of River Road on the north side of the Tualatin River on Rood Bridge Road. Consistent with the Witch Hazel Village Community Plan, the City Park and Recreation Department is considering future park acquisition, in the Witch Hazel Village neighborhood, directly west of the plan study area.

An adopted Parks Master Plan is currently being updated which identifies ideal parks standards and definitions as shown in the following table:







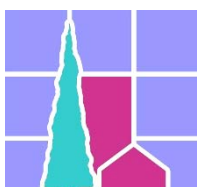
## Development Program

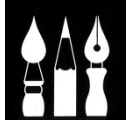
Parks Master Plan Standards [Table 3]

Park Type	Desirable Size	Service Area	Definition
Community Park	12 – 30 acres	2 mile radius	Area of diverse uses, both active and passive including swimming, tennis, walking, picnicking, boating, and enjoying nature.
Linear Park	Varies	Provide equitable access to residents throughout the community	A linear system of <b>open spaces</b> and pathways for pedestrians and bicyclists that use public dedications and easements, creek and river floodplains and rights of way.
Nature Park	10 –100+ acres		Large, quiet area with trails, <b>wetlands</b> , streams, interpretive, and picnic facilities.
Neighborhood Park	3 – 10 acres	1/2 mile radius	Area to meet the day-to-day recreation needs of a neighborhood including field games, court games, individual sports, play for small children, and picnicking.
Regional Park	200+ acres	10 mile radius or 45 minutes driving time	Area of natural or ornamental quality for active and passive outdoor recreation, including activities that require large spaces not provided in community parks. The activities might include hiking, swimming, boating, camping, picnicking, disc golf, and others.
Sports Complex	20 - 100+ acres	Provide equitable access to residents throughout the community	A sports complex consolidates heavily programmed athletic fields and associated facilities to larger and fewer sites located throughout the community.
Urban Park/ Mini-Park	0 – 1.5 acres	As needed	Small park that serves a specific function for the surrounding population, such as a tot lot or urban plaza
Undeveloped Parkland			Land that has been acquired for future development consistent with the master plan.

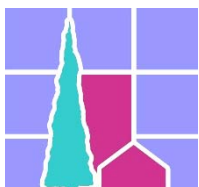
## Transportation System

Current transportation facilities generally consist of two lane sections without curbs. Drainage crossings are primarily culverts with some minor retaining/ transition structures. At grade railroad crossings connect the study area to Tualatin Valley Highway.





## Development Program



## Proposed Infrastructure

### Sanitary Sewer

Extension from the new 24" trunk sewer at the intersection of Davis and Century Drive will serve the area south to the golf course and east to 209<sup>th</sup> Avenue. An east-west ridge line extending to 209<sup>th</sup> Avenue defines the southerly boundary of the included service area for the trunk sewer. [See Figure 15] This includes Phase Areas 1A, 2A, 2B, 2D and 2E. Area 71 is included in this service area. [See Figure 19]

Sewer service to Phase 1B and 1C which comprises Area 69 can be provided by the existing Aloha Pump Station and Cross Creek Pump Station.

Analysis by Clean Water Services has determined there is station capacity and cost effectiveness to remove infiltration and inflow contributing to current flow that when removed will provide capacity to serve this portion of the study area.

As additional area west of Area 69 (Phases 2F, 3 and 4) is developed it will become necessary to develop new collection, pumping and conveyance facilities. A proposed Butternut Creek Pump Station has been identified to serve the new area as well as replace the Aloha and Cross Creek Pump Stations which would be decommissioned. New gravity lines will be installed to convey collected sewage from the two stations to the new pump station. The timing of constructing these new gravity lines may be such that the work occurs during the Area 69 **infrastructure** placement to avoid later disruption in the then developed areas. Timing and funding for the improvements will need to be coordinated with development. A force main will extend from the Butternut Creek Pump Station to the Rock Creek Treatment Plant with tentative alignment along SW 229<sup>th</sup>, SE Oakhurst Street and River Road. Phase 2C can be served by extending gravity sewer from the River Road Pump Station located near Davis Road.

### Water

The City of Hillsboro Water Department has planned a 15 million gallon reservoir in the South Hillsboro planning area. The potential location has been identified at the SE corner of SW 229<sup>th</sup> Avenue and Tualatin Valley Highway. This new reservoir will connect to the 42" Joint Water Commission water line extending along TV Highway. A water booster pump station will also be installed at this location. The water department has also estimated the major waterline component sizes based on preliminary studies evaluating expected demands from land use and density information. The major waterlines will be located in the collector and arterial streets.

### Storm Drainage

Storm water management will be accomplished with a combination of conventional systems and low impact facilities. The low impact facilities proposed include road side bioswales and bioretention cells as final alignment and topography offer. Additionally opportunities to incorporate ponds, bioswales and planter gardens in **open space**, community parking lots and along trails are included.



## Development Program

### Parks System

The South Hillsboro park system is designed to take advantage of existing site opportunities which include the BPA right-of-way which runs north – south through the entire length of the eastern portion of the site paralleling 209<sup>th</sup> Avenue; and, the Gordon, Butternut and Cross Creek corridors, including their tributaries. The highest density portions of the site are located adjacent to the BPA corridor, taking advantage of the connectivity provided by that corridor. Park locations have been located along the powerline corridor to serve plan densities while also being located to serve the population of the entire area, both inside and outside the Community Plan area. Park locations shown on the plan map are generalized locations for park sites and may be modified during plan implementation as detailed development plans are prepared and reviewed and the Parks and Recreation Department considers alternative sites during site acquisition. The Parks Master Plan will determine the general need for parks in the Community Plan Study Area.

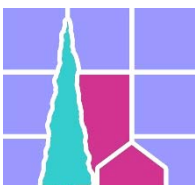
### Transportation System

Tualatin Valley Highway is a critical roadway that is near capacity. The City is committed through this planning effort to meet with staff from Washington County, ODOT and Metro to determine a strategy and solutions for alleviating or improving capacity on TV Highway. ODOT is responsible for improvements to TV Highway. ODOT's position on TV Highway is that TV Highway is not a high priority for funding improvements at this time. ODOT is committed to maintaining the safe and efficient operation of the highway and safety of the public rail crossings in the study area.

The Washington County Transportation System Plan (TSP) recognizes the need to expand TV Highway to seven lanes. That analysis is confirmed by the more recent "Build" transportation analysis prepared for the South Hillsboro Community Plan by David Evans and Associates (DEA Report) [See Appendices]. The DEA Report concluded that, based on projected impacts of development, it will be necessary to expand TV Highway from five to seven lanes. The City is committed, through this planning effort, to meet with staff from Washington County, ODOT and Metro to develop alternatives and a strategy to provide additional transportation capacity on TV Highway. State and regional transportation policy currently require a rigorous alternatives analysis prior to providing additional roadway capacity through the construction of new travel lanes. The second related major transportation improvement needed to facilitate the development of South Hillsboro is the extension of Cornelius Pass across, over, or under the railroad tracks along the Reed's Crossing frontage, along with the anticipated realignment of the tracks.

The South Hillsboro Community Plan provides a crucial framework to allow additional engineering and transportation analysis to be done to determine the most feasible design and a funding plan for the improvements to TV Highway, Cornelius Pass Road, and the realignment of the railroad tracks. The Community Plan will set the stage for the discussions among ODOT, the City of Hillsboro, Washington County and Metro and the affected property owners.

For this study, Cornelius Pass Road is assumed to be an arterial with a 5-lane cross section and all other streets shown as collectors with 3-lane

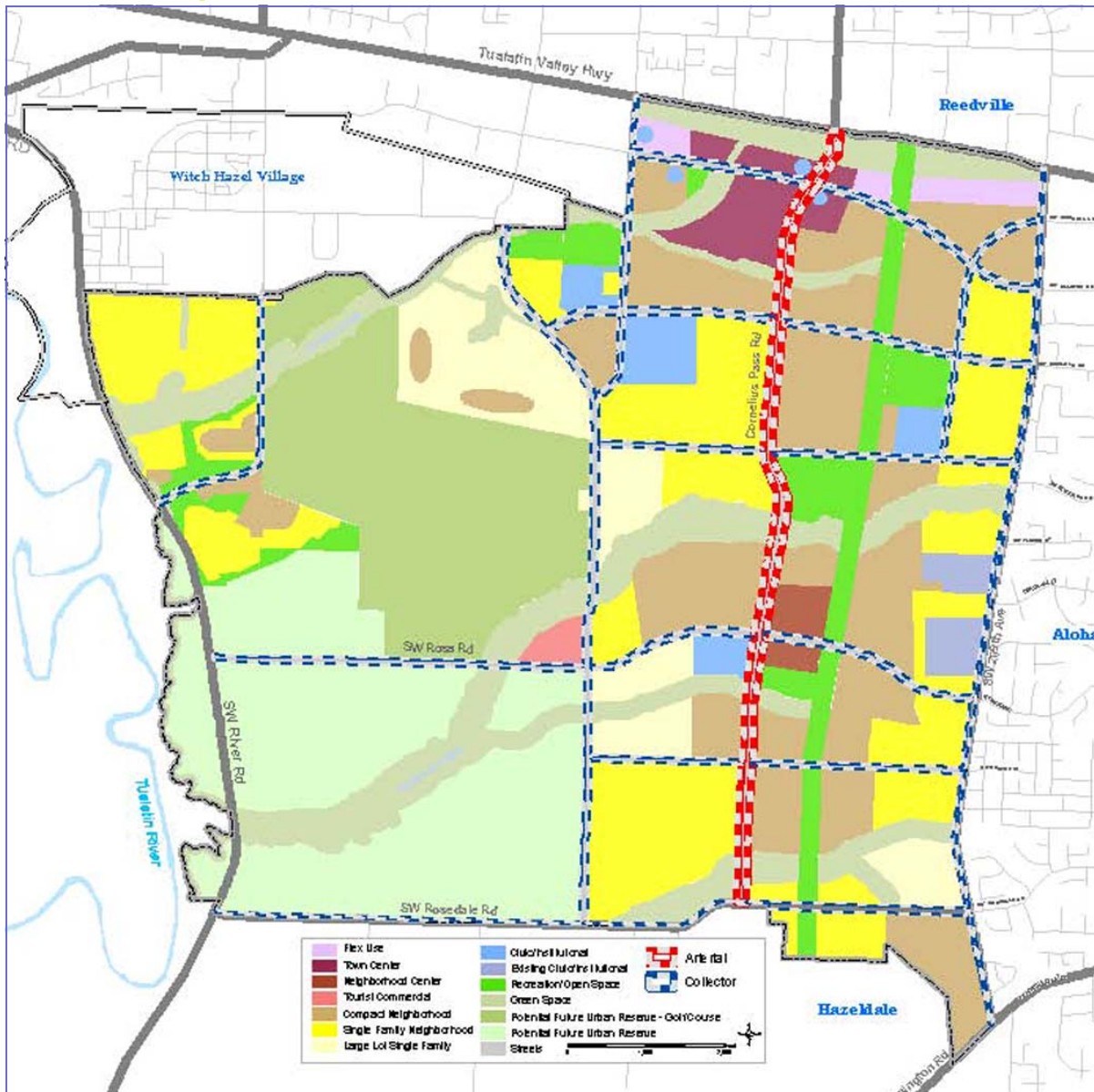




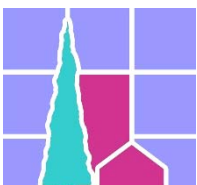
## Development Program

configuration. Both sections will include six-foot (6') bike lanes on each side and a median/turn lane center section. Creek crossings will be made consistent with the standards of Division of State Lands and Corp of Engineers. Consideration for utilities at these crossings is also included.

Bicycle and pedestrian improvements along all roads and through some **open space** areas are planned to connect the town center and neighborhood center, as well as the schools. In addition to a regular bus



South Hillsboro Circulation Plan [Figure 17]

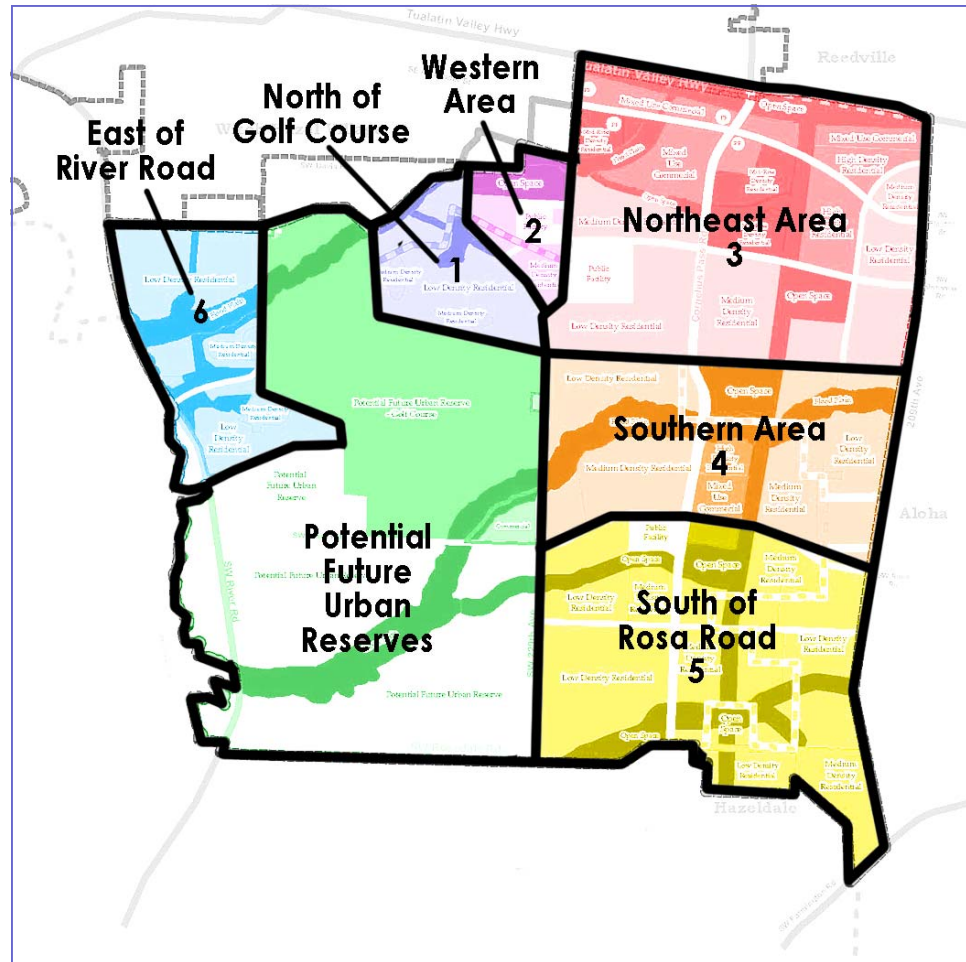


system, proposed future transportation options include: a streetcar or local trolley service, linking to Hillsboro's employment centers and a potential commuter rail line paralleling TV Highway.





## Implementation Action



South Hillsboro Infrastructure Cost Areas [Figure 18]

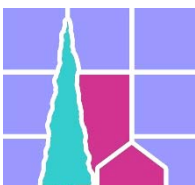
## Infrastructure Costs

Infrastructure costs for the South Hillsboro Community Planning Area may be divided into four categories:

- ▶ **Open Space** Amenities
- ▶ Transportation
- ▶ Sanitary Sewer
- ▶ Water System

The South Hillsboro Community Plan Cost Areas are:

1. North of Golf Course
2. Western Area (adjacent Witch Hazel Village and The Reserve Vineyards and Golf club)
3. Northeast Area (Reed's Crossing)
4. Southern Area (Butternut Creek)
5. South of Rosa Road
6. East of River Road







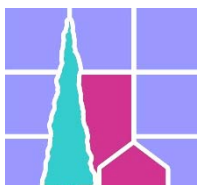
## Implementation Action

Tualatin Valley Highway expansion projects and costs are not included in the following tables.



**Area 1—North of Golf Course, West of 229th Conceptual Cost Summary [Table 4]**

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHACEMENT/MITIGATION	\$20,000
TRAILS (ALONG RIPARIAN CORRIDOR; 25' WIDE IMPROVEMENT)	\$161,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$181,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
SW 234TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,760,000
SW KINNAMAN ROAD EXTENSION	\$3,210,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$5,970,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
15" TRUNK LINE	\$180,000
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$180,000</b>
<b>WATER SYSTEM</b>	
SW KINNAMAN ROAD EXTENSION	\$236,000
SW 234TH AVE.	\$267,000
<b>SUB TOTAL FOR WATER</b>	<b>\$503,000</b>

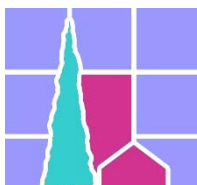




## Implementation Action

Area 2—Western Area Conceptual Cost Summary [Table 5]

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHACEMENT/MITIGATION	\$50,000
PARKS	\$18,000,000
TRAILS (INSIDE BPA R/W; 25' WIDE IMPROVEMENT)	\$135,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$18,185,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
SW KINNAMAN RD.	\$1,900,000
SW 229TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,790,000
SW 234TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,760,000
GORDON CREEK CROSSING, SW 229TH AVE. (BOX CULVERT, 1/2 STREET)	\$100,000
GORDON CREEK CROSSING, SW 234TH AVE. ( BRIDGE)	\$8,200,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$15,750,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
15" TRUNK LINE	\$480,000
CREEK CROSSING	\$10,000
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$490,000</b>
<b>WATER SYSTEM</b>	
SW KINNAMAN ROAD	\$185,000
SW 229TH AVE.	\$634,000
SW 234TH AVE.	\$267,000
CREEK CROSSING	\$5,000
<b>SUB TOTAL FOR WATER</b>	<b>\$1,091,000</b>





## Implementation Action

Area 3—Northeast Area (Reed's Crossing) Conceptual Cost Summary [Table 6]

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHANCEMENT/MITIGATION	\$325,000
PARKS	\$16,000,000
TRAILS (INSIDE BPA R/W; 25' WIDE IMPROVEMENT)	\$402,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$16,727,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
RAILROAD REALIGNMENT	\$20,000,000
SW CORNELIUS PASS ROAD/ TUALATIN VALLEY HIGHWAY	\$1,548,000
SW TUALATIN VALLEY HIGHWAY/ SW 209TH AVE.	\$540,000
SW CORNELIUS PASS ROAD EXTENSION	\$10,820,000
SW 209TH AVE. (1/2 STREET IMPROVEMENTS)	\$3,220,000
SW KINNAMAN ROAD	\$9,230,000
SW 229TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,860,000
SW ALEXANDER / BLANTON	\$9,750,000
SW 212TH AVE. / INDUSTRIAL WAY	\$6,180,000
SW MCINNIS LANE (1/2 STREET)	\$4,700,000
GORDON CREEK CROSSING, SW CORNELIUS PASS ROAD (BOX CULVERT)	\$240,000
GORDON CREEK CROSSING, SW 229TH AVE. (BOX CULVERT, 1/2 STREET)	\$100,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$69,188,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
15" TRUNK LINE	\$1,780,000
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$1,780,000</b>
<b>WATER SYSTEM</b>	
SW CORNELIUS PASS ROAD EXTENSION	\$582,000
SW KINNAMAN ROAD	\$902,000
SW 229TH AVE.	\$444,000
SW ALEXANDER / BLANTON	\$783,000
SW 212TH AVE. / INDUSTRIAL WAY	\$497,000
SW MCINNIS LANE	\$346,000
REGIONAL RESERVOIR (COSTS BORNE BY PAID SDC'S COLLECTED BY WATER DEPARTMENT FOR ALL CITY DEVELOPMENT. COST = \$21,000,000)	\$0
<b>SUB TOTAL FOR WATER</b>	<b>\$3,554,000</b>



## Implementation Action

**Area 4—Southern Area (Including Butternut Creek) Conceptual Cost Summary [Table 7]**

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHANCEMENT/MITIGATION	\$150,000
PARKS	\$12,000,000
FOOTBRIDGE	\$70,000
TRAILS (INSIDE BPA R/W; 25' WIDE IMPROVEMENT)	\$290,000
TRAILS (ALONG RIPARIAN CORRIDOR; 25' WIDE IMPROVEMENT)	\$1,210,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$13,720,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
SW CORNELIUS PASS ROAD EXTENSION	\$6,770,000
SW 209TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,760,000
SW 229TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,670,000
SW MCINNIS LANE (1/2 STREET IMPROVEMENTS)	\$4,700,000
SW ROSA ROAD (1/2 STREET IMPROVEMENTS)	\$4,490,000
BUTTERNUT CREEK CROSSING, SW 209th AVE. (BOX CULVERT)	\$220,000
BUTTERNUT CREEK CROSSING, CORNELIUS PASS ROAD (BRIDGE)	\$14,940,000
BUTTERNUT CREEK CROSSING, SW 229TH AVE. (BRIDGE)	\$14,400,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$50,950,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
15" TRUNK LINE	\$710,000
CREEK CROSSING	\$10,000
FUTURE 30" TRUNK SEWER*	\$0
FUTURE PUMP STATION*	\$0
FUTURE FORCE MAIN*	\$0
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$720,000</b>
<b>*COSTS BORNE BY PAID SDC'S COLLECTED BY CLEAN WATER SERVICES FOR ALL DEVELOPMENT</b>	
<b>WATER SYSTEM</b>	
SW CORNELIUS PASS ROAD EXTENSION	\$364,000
SW 209TH AVE.	\$428,000
SW 229TH AVE.	\$825,000
SW MCINNIS LANE	\$409,000
SW ROSA ROAD	\$439,000
CREEK CROSSING	\$10,000
<b>SUB TOTAL FOR WATER</b>	<b>\$2,475,000</b>



## Implementation Action

Area 5—South of Rosa Road Conceptual Cost Summary [Table 8]

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHANCEMENT/MITIGATION	\$160,000
PARKS	\$6,000,000
FOOT BRIDGE	\$70,000
TRAILS (INSIDE BPA R/W; 25' WIDE IMPROVEMENT)	\$423,000
TRAILS (ALONG RIPARIAN CORRIDOR; 25' WIDE IMPROVEMENT)	\$940,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$7,593,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
SW CORNELIUS PASS ROAD EXTENSION	\$8,587,000
SW 209TH AVE. (1/2 STREET IMPROVEMENTS)	\$3,615,000
SW 229TH AVE. (1/2 STREET IMPROVEMENTS)	\$2,875,000
SW ROSA ROAD (1/2 STREET IMPROVEMENTS)	\$4,490,000
SW MURPHY LANE	\$8,357,000
SW ROSEDALE ROAD (1/2 STREET IMPROVEMENTS)	\$4,355,000
BUTTERNUT CREEK CROSSING, SW 229TH AVE. BRIDGE	\$8,100,000
BUTTERNUT CREEK CROSSING, SW CORNELIUS PASS BOX CULVERT)	\$240,000
ROSEDALE CREEK CROSSINGS (BOX CULVERT)	\$960,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$41,579,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
15" TRUNK LINE	\$816,000
CREEK CROSSING	\$10,000
FUTURE 21" TRUNK	\$1,500,000
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$2,326,000</b>
<b>WATER SYSTEM</b>	
SW CORNELIUS PASS ROAD EXTENSION	\$462,000
SW MURPHY LANE	\$672,000
SW 209TH AVE.	\$253,000
SW 229TH AVE.	\$561,000
SW ROSA ROAD	\$439,000
SW ROSEDALE ROAD	\$439,000
CREEK CROSSINGS	\$60,000
<b>SUB TOTAL FOR WATER</b>	<b>\$2,886,000</b>





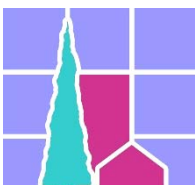
## Implementation Action

**Area 6—East of River Road Area Conceptual Cost Summary [Table 9]**

ITEM	TOTAL
<b>OPEN SPACE AMENITIES</b>	
WETLAND ENHANCEMENT/MITIGATION	\$40,000
TRAILS (ALONG RIPARIAN CORRIDOR; 25' WIDE IMPROVEMENT)	\$448,000
<b>SUB TOTAL FOR AMENITIES</b>	<b>\$488,000</b>
<b>TRANSPORTATION CONCEPT COST</b>	
SE RIVER ROAD (1/2 STREET IMPROVEMENTS)	\$5,080,000
SE BROOKWOOD ROAD EXTENSION	\$6,100,000
GORDON CREEK CROSSING, SE BROOKWOOD ROAD (BRIDGE)	\$8,200,000
GORDON CREEK CROSSING, SE RIVER ROAD (BOX CULVERT, 1/2 STREET IMPROVEMENTS)	\$240,000
<b>SUB TOTAL FOR TRANSPORTATION COST</b>	<b>\$19,620,000</b>
<b>UTILITY CONCEPT COST</b>	
<b>SANITARY SEWER</b>	
21" TRUNK LINE	\$1,350,000
18" TRUNK LINE	\$704,000
<b>SUB TOTAL FOR SANITARY SEWER</b>	<b>\$2,054,000</b>
<b>WATER SYSTEM</b>	
SE RIVER ROAD	\$546,000
<b>SUB TOTAL FOR WATER</b>	<b>\$546,000</b>

**Civic Amenities Cost Summary [Table 10]**

ITEM	TOTAL
<b>CIVIC AMENITIES</b>	
1 - SCHOOL SITE, AREA 2	Purchased
2 - SCHOOL SITES, AREA 3	Purchased
1 - FIRE STATION, AREA 3	\$4,500,000
1 - POLICE PRECINCT, AREA 3	\$4,500,000
1 - LIBRARY BRANCH, AREA 3	\$7,300,000
1 - SCHOOL SITE, AREA 4	\$4,000,000
Subtotal	\$16,700,000
Refer to Figure 18	





## Implementation Action

# Infrastructure Funding

## Regulatory Context

**Infrastructure** funding for new communities is an issue with which the region and state are currently wrestling. In the Portland metro area, the newly incorporated communities of North Bethany, Damascus and Pleasant Valley are all in the process of developing new funding tools to cover the significant cost of creating the roads, sewers and parks a community requires. The task is complicated by the scale of the costs, the fact that there are minimal existing residents in these 'future urban communities,' and the timing gap between when **infrastructure** is needed (up front) and development-associated revenue streams are realized.

Particularly for roads, current charges levied against new development are insufficient to cover the cost for creating an entire **infrastructure** network where none currently exists. This appears to be true for planned communities within all metro area counties. For Washington County, this is in part by design – the Transportation Impact Fee was intended to cover a portion – but not all – of transportation needs, with the balance coming from state, federal and other local sources that have proven insufficient or failed to materialize. For the South Hillsboro Plan Area, SDC/TIF revenue estimates are sufficient to cover estimated **infrastructure** costs for water, sewer and stormwater, but cover an estimated 67% of parks costs and 15% of transportation development (that will serve South Hillsboro and other existing needs). Neither parks nor roads are typically fully funded by SDC and TIF dollars. Hillsboro assumes developers would pay the full cost of local streets inside their developments; these local streets have not been included in the transportation cost estimate. Many possible avenues of additional funding are discussed within this memo to address the transportation gap related to non-local streets and the parks gap. For most of these avenues, the legal, political and administrative feasibility require further research.

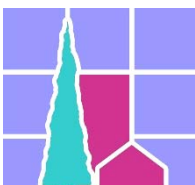
At this early planning stage, a recommended financial strategy has yet to be developed. However, several possible tools have been outlined that can be combined or in some cases, used in isolation, to achieve the funding the Plan Area will require. Development of a refined strategy will rely upon city leadership and partnership with Plan Area landowners and developers, and likely input from Washington County and Metro as well.

## Infrastructure Responsibility & Current Revenue Sources

This section reviews the main categories of **infrastructure** and current mechanisms for their provision and funding. Categories of **infrastructure** funding considered are transportation, water, sanitary sewer and storm water and parks.

### Transportation

**Responsibility:** Primary transportation **infrastructure** is built and maintained by the following entities:





## Implementation Action

1. **Oregon Department of Transportation**, which maintains state highways. In Hillsboro, this includes Highway 26, Tualatin-Valley Highway, and Farmington Road.
2. **Washington County**, which maintains most arterials and some collectors within the City of Hillsboro plus all roads in unincorporated areas of the county (including, currently, the South Hillsboro Plan Area).
3. **City of Hillsboro**, which maintains all streets within the city limits not under state or county jurisdiction. The City would acquire responsibility for streets within the South Hillsboro Plan Area upon annexation except those on the County road network.

**Current Revenue Sources:** Two primary sources of funding are currently in place for funding new **infrastructure** development in Hillsboro.

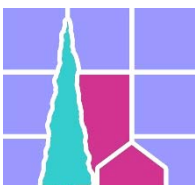
1. **Developer contributions.** Typically, developers cover costs for on-site streets (internal to their development) and for the portion of off-site costs viewed as triggered by the increased demand that new development will generate.
2. **Countywide Traffic Impact Fee (TIF).** This is a countywide tax – enacted in 1986 and expanded to incorporated areas in 1990 – in which the City of Hillsboro participates. TIF generates approximately \$11 million annually, split between the county's 14 jurisdictions. Fees are based on a countywide rate per development type x average number of weekday trips (which vary per use, see Appendix A).

TIF funds can be used for any project impacting a roadway listed in the Base Report, which is essentially a list of the county's arterials and collectors. The report is updated every 1-2 years via a Board of County Commissioners Resolution and Order. Hillsboro's arterial and collector streets are represented on this list; new road projects (such as the Cornelius Pass extension) would be added at the City's request. Developers can earn credit against the TIF by submitting a receipt for the construction or improvement of a roadway listed in the Base Report. Capacity-oriented elements of the project (vs. streetscape) are eligible for credit.

The TIF contrasts with the city's remaining developer fees in that it is a tax rather than a System Development Charge.

## Water

**Responsibility:** The City of Hillsboro is currently served by two water entities. Areas north of US Hwy 26 (Sunset Hwy) and east of Cornelius Pass Rd are served by Tualatin Valley Water District (TVWD); addresses west of Cornelius Pass and south of US 26 (Sunset Highway) are served by the Hillsboro Water Department (HWD). In accordance with the Urban Service Agreement between TVWD and the city, the service area boundary between TVWD and HWD follows TV Hwy east from Cornelius Pass Rd and then turns south along SW 209<sup>th</sup> Ave, such that the proposed South Hillsboro Plan Area is entirely within the HWD service area. Both districts maintain their own distribution





## Implementation Action

systems and reservoirs but utilize a treatment plant maintained by the Joint Water Commission, to which the Cities of Beaverton, Tigard and Forest Grove also belong.

### Current Revenue Sources:

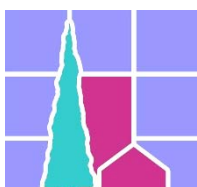
1. **Developer contributions.** These direct developer incurred costs are negotiated, but generally encompass all on-site and nearby off-site costs. Over-sizing pipes to provide capacity for future off-site development is typically not the developer's responsibility, but may be reimbursed.
2. **System Development Charges (SDCs).** In Oregon, jurisdictions can impose SDCs for water, wastewater, storm drain, transportation, parks and schools. Two types of SDCs are allowed: improvement (new *infrastructure* that must be provided to serve new development); and reimbursement (a portion of the existing remaining capacity within existing *infrastructure* that new development will utilize). In addition, SDC fees can be structured to recover 'other costs' (planning, compliance reporting) and annual inflation.

## Sanitary Sewer and Storm Water

**Responsibility:** Hillsboro provides sanitary sewer service through a collaborative service delivery arrangement. By intergovernmental agreement with Clean Water Services (CWS), the City of Hillsboro is responsible for operation and maintenance of the sanitary sewer collection system, which is comprised of gravity sanitary sewer lines and facilities smaller than 24 inches in diameter. The City is also responsible for approving the installation of new collection system components and for approving and inspecting new service connections within City limits. CWS is responsible for all wastewater treatment and for the construction and operation of the conveyance system, public pump stations and force mains and gravity sanitary sewer lines 24 inches in diameter and larger.

CWS and Washington County currently share the responsibility of providing South Hillsboro with public stormwater management. CWS responsibilities include public stormwater system master planning, operation and maintenance of the conveyance system, regional water quality treatment and detention facilities, and discharge to natural drainage ways. Washington County oversees drainage improvements in the public right-of-way associated with County roads and unincorporated areas outside city jurisdiction. Once properties annex into the City the City will be responsible for operation and maintenance of the public conveyance systems.

Hillsboro provides sanitary sewer service through a collaborative service delivery arrangement. By intergovernmental agreement with Clean Water Services (CWS), the City of Hillsboro is responsible for operation and maintenance of the sanitary sewer collection system, which is comprised of gravity sanitary sewer lines and facilities smaller than 24 inches in diameter. The City is also responsible for approving the installation of new collection system components and for approving and inspecting new service connections within City limits. CWS is responsible for all wastewater treatment and for the construction





## Implementation Action

and operation of the conveyance system (public pump stations and force mains and gravity sanitary sewer lines 24 inches in diameter and larger).

### Current Revenue Sources:

1. **Developer contributions.** These are negotiated, but typically include all on-site and off-site improvements as necessary to connect to existing system and through the development to the furthest property line to serve upstream properties. Again, over-sizing to accommodate other future off-site or area-wide development is one cost that would be excluded from this category, but may be reimbursable.
2. **SDCs.** Storm/surface water SDCs are dedicated to projects listed in Hillsboro or Clean Water Service's Master Plans. The City's fee schedule is listed in the appendices.

## Parks

**Responsibility:** The City of Hillsboro's Parks Department is responsible for the development and maintenance of all parks and **open space** within its boundaries. Parks situated outside of incorporated areas are the responsibility of the Washington County Facilities and Parks Services Division (except those within the SB 122 planning area which corresponds to the school district boundary).

### Current Revenue Sources:

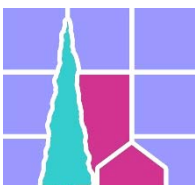
1. **SDCs.** On rare occasions, SDCs have been reduced for homes within a Planned United Development because sufficient parks and/or recreational facilities are constructed by the developer.

## Cost & Revenue Comparison

The following table compares **infrastructure** cost estimates generated by Alpha Community Development with SDC and TIF revenue estimates according to projected residential units and commercial building square footage. The Plan Area has been divided into six different 'development areas,' or possible phases; costs and revenue are reported for each area. As anticipated, transportation is the one area in which revenue falls most significantly short of costs. Across the entire Plan Area, there is a transportation shortfall of close to \$172 million. Estimated revenue generates only \$31 million of the required \$203 million, or 15%.

Of the six development subareas identified, the largest transportation fund deficits are associated with the largest development subareas: Northeast/Reed's Crossing area (\$53.6 million), South of Reed's Crossing area (\$45.6 million) and South of Rosa (\$35.1 million).

Estimated parks costs – which includes **wetlands** remediation and trail development costs – also exceeds estimated parks revenue by close to \$19 million for the entire plan area. For the remaining types of **infrastructure** revenue is sufficient to cover costs. Note: for this memorandum it is assumed that sewer and stormwater are combined.



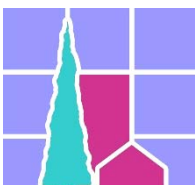




## Implementation Action

The following caveats should be kept in mind when reviewing these initial estimates:

- ▶ Revenue numbers are preliminary estimates and subject to revision. All estimates are in current (2007) dollars and not inflation adjusted to year of construction.
- ▶ Residential units were estimated by the City of Hillsboro and equal 80% of the maximum density allowed in the proposed Comprehensive Plan designations. If the Plan Area develops at maximum density – as was the case in Witch Hazel Village – SDC and TIF revenue would correspondingly increase. A 20% increase in residential construction could generate an additional \$6 million in TIF revenue and \$23 million in SDCs.
- ▶ Similarly, if the market favors lower density development – and zoning does not prevent lower densities from building built – SDC and TIF revenue would be lower than these estimates (albeit with some *infrastructure* cost also potentially being reduced).
- ▶ Estimated commercial square footage was based upon building prototypes generated by Fregonese Associates, which informed the generation of the Hybrid Scenario. Non-residential development occurs within four land use types: Town Center, Neighborhood Center, Flex and Civic. Within the Town Center and Neighborhood Center, most commercial development was programmed at an FAR of approximately 0.35 (single story with surface parking). Eight acres of Town Center and three acres of Neighborhood Center were assumed to develop as mixed use buildings, with ground floor commercial uses and upper story residential. The extent to which the market delivers these building types is another source of possible variance between these estimates and actual SDC and TIF revenue.
- ▶ Commercial building SDCs and TIF were estimated based on five building prototypes (two office and three retail prototypes) that were circulated among City of Hillsboro planning and engineering staff. These prototypes are assumed to provide a sufficient level of detail for this first sketch analysis. The aggregation of these prototypes into the various land use areas is detailed in Appendix B.
- ▶ Civic revenues describe SDCs and TIF associated with four planned schools, three elementary and one middle school. Estimates were based on a 76,000 square foot elementary school currently in planning. The middle school was assumed to be 60% larger, and fees were correspondingly increased by 60%. Costs for school construction and funding sources available have not been addressed here. Initial conversations suggest developer school contributions – via land donations – in the order of \$18.5 million.





## Implementation Action

Infrastructure Cost and SDC/TIF Revenue Comparison [Table 11]

Area		Units	Square Feet	Water	Sanitary Sewer	Parks	Transportation w/ Stormwater
1	Cost Estimate			503,000	180,000	181,000	5,970,000
	Revenue Est.						
	Residential	507		2,830,000	1,530,000	2,160,000	1,730,000
	Commercial			-	-	-	-
	Civic			-	-	-	-
	Total			2,830,000	1,530,000	2,160,000	1,730,000
	GAP			2,327,000	1,350,000	1,979,000	(4,240,000)
2	Cost Estimate			1,091,000	490,000	13,685,000	15,750,000
	Revenue Est.						
	Residential	272		1,520,000	820,000	1,160,000	930,000
	Commercial						
	Civic		76,421	29,000	76,000	-	92,000
	Total			1,549,000	896,000	1,160,000	1,022,000
	GAP			458,000	406,000	(12,525,000)	(14,728,000)
3	Cost Estimate			3,554,000	1,780,000	21,227,000	69,188,000
	Revenue Est.						
	Residential	4,144		23,150,000	12,540,000	17,610,000	12,730,000
	Commercial		439,880	2,179,000	754,000	1,225,000	2,616,000
	Civic		198,747	76,000	198,000	-	240,000
	Total			25,405,000	13,492,000	18,835,000	15,586,000
	GAP			21,851,000	11,712,000	(2,392,000)	(53,602,000)
4	Cost Estimate			2,475,000	720,000	13,720,000	50,950,000
	Revenue Est.						
	Residential	1,602		8,940,000	4,850,000	6,820,000	5,280,000
	Commercial		22,723	133,000	36,000	64,000	91,000
	Civic		No new				
	Total			9,073,000	4,886,000	6,884,000	5,371,000
	GAP			6,598,000	4,166,000	(6,836,000)	(45,579,000)
5	Cost Estimate			3,147,000	2,326,000	7,593,000	41,579,000
	Revenue Est.						
	Residential	1,879		10,490,000	5,680,000	7,990,000	6,430,000
	Commercial						
	Civic		76,421	29,000	76,000	-	92,000
	Total			10,519,000	5,756,000	7,990,000	6,522,000
	GAP			7,633,000	3,430,000	397,000	(35,057,000)
6	Cost Estimate			546,000	2,054,000	488,000	19,620,000
	Revenue Est.						
	Residential	252		1,410,000	770,000	1,070,000	870,000
	Commercial			-	-	-	-
	Civic			-	-	-	-
	Total			1,410,000	770,000	1,070,000	870,000
	GAP			864,000	(1,284,000)	582,000	(18,750,000)
ALL							
	Total Cost Estimate			11,055,000	7,550,000	56,894,000	203,057,000
	Revenue Est.			-	-	-	-
	Residential	8,656		48,340,000	26,190,000	36,810,000	22,970,000
	Commercial		462,603	2,312,000	790,000	1,289,000	2,707,000
	Civic		351,589	134,000	350,000	-	424,000
	Total Revenue			50,786,000	27,330,000	38,099,000	31,101,000
	GAP			39,731,000	19,780,000	(18,795,000)	(171,956,000)



## Implementation Action

# Supplemental Funding Options

The Plan Area faces two distinct issues in filling its park and transportation funding gap:

- ▶ Locating and likely creating sources of funding to cover costs beyond those covered by existing revenue sources, and
- ▶ Establishing a financing mechanism acceptable to both the City and developers that will generate cash flow for infrastructure construction prior to development actually occurring (and receipt of the SDC/TIF funding stream associated with that development).

Each of these issues – the generation of funds and the timing of fund availability – will require attention as South Hillsboro area planning moves forward.

The following list of funding options was generated through conversations with city, county and Metro staff and legal counsel, the Oregon Economic and Community Development Department (OECD) and the Oregon League of Cities. Documents created for and by other jurisdictions that have faced similar challenges in funding infrastructure have also been reviewed (as for Pleasant Valley, Villebois and North Bethany). Materials created by ECONorthwest for North Bethany are especially detailed with respect to their identification and assessment of potential new sources of infrastructure funding.

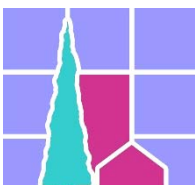
Potential supplemental sources of funding are briefly identified and described to include the following:

## 1. Property Taxes

Both the City of Hillsboro and Washington County have the authority to levy property taxes with double majority voter approval. However, local option levies are limited by several previous ballot measures, and any tax increase must be within those limits. It is unknown at this time whether the city or county has the ability to increase its local option levy due to statutory limitations.

General obligation bonds, in contrast, are not subject to the same limits other than double majority voter approval. These must be used for capital projects, a criterion which infrastructure investment should meet.

While a city or county-wide property tax has the potential to generate significant funds, one disadvantage is the perceived fairness of who pays versus who benefits from growth. A property tax spreads the unmet costs of growth across the entire community. However, this wide base also offers the potential of a relatively lower per property burden. Washington County voters have twice passed property tax measures to fund transportation investments, as described below.





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### 2. Washington County Major Street Transportation Improvement Program (MSTIP)

This program originated as a voter-approved property tax dedicated to transportation projects geographically distributed throughout the County. As a result of Ballot Measures 47/50, the MSTIP was combined with the general property tax, but the County Board continues to use it as a dedicated transportation funding source. This funding source has twice been renewed by voters, each time with a list of projects that accompanied the vote. The current list of projects is expected to be complete by 2012. The program currently generates approximately \$23 million annually to be used for transportation projects countywide, about twice the level of funding that TIF generates.

Washington County is currently undertaking a Transportation Funding Plan to consider funding options for future projects. One option is to develop a new MSTIP list. The County Board of Commissioners will ultimately decide on whether to renew this source or take another approach to the voters in 2008.

If the MSTIP is renewed, funds could support existing roads adjacent to the Plan Area (such as 209<sup>th</sup> and Cornelius Pass), the improvement of which would support Plan Area development. MSTIP funds are used to meet existing transportation deficiencies.

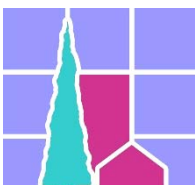
### 3. Increased SDC/TIF Rates

Metro is moving to encourage this approach, as indicated through its July 2007 document 'Promoting vibrant communities with System Development Charges.' Steps being recommended include "unbundling" SDCs to separate cost elements, encouragement of best management practices, green design SDC discounts, and transition to "impact-based" SDCs (such as higher SDCs for greenfield than urban development to better accomplish real cost recovery objectives). Other ideas suggested by Metro include a differential (or location-based) SDC fee schedule that could reduce fees for higher density development with fewer occupants per unit, as well as lowering the level of service (LOS) standards for urban area infrastructure.

The Metro analysis also suggests that SDC rates should be set to aim for full cost recovery and that SDCs can be effective in influencing development patterns and encouraging development that is less taxing to infrastructure – including in-fill development and development that favors smaller units, lots sizes, and locations adjacent to transit systems. In Hillsboro, a full cost recovery TIF would presumably mean an increase in the TIF by a factor of more than three. Political and public support for such a strategy – and its impact on the Plan Area's likely development – is at yet unknown.

### 4. Supplemental SDC

An area-specific SDC was considered for the recent Witch Hazel Village concept planning area. In the South Hillsboro Plan Area, assigning an additional transportation SDC (versus the current TIF tax) has the potential to generate significant revenue. As with a city or countywide increase in TIF





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rates, public support for an area-specific approach to increase SDC fees is yet unknown.

### 5. Local Improvement District (LID)

LIDs are similar to SDCs in that they charge only those who will benefit from the infrastructure investment. A LID is a semi-voluntary charge against property values requiring the support of 51% of landowners within the district; the boundaries of a district are flexible. Property owners can opt to pay over as many as 20 years and funds can be used for capital improvements or maintenance.

Unlike SDC or TIF funding, the LID is not triggered by land development and therefore may be viewed as a penalty against those who do not develop (to increase the value/revenue stream associated with their land). In the same vein, it can be a more reliable funding source than funds which would be realized only when and if development occurs.

In Oregon, LIDs have been used for small-scale projects such as local street improvement and for larger transportation improvements, such as the Portland downtown transit mall light rail extension and streetcar development. A key consideration in South Hillsboro's potential use of a LID is land owners' willingness and ability to contribute and the risk associated with possible future real estate downturns.

### 6. Real Estate Transfer Tax or Fee

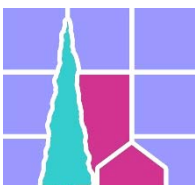
Oregon state law has kept this option off limits to most Oregon communities since 1989. Washington County is the one exception, with a pre-existing tax set at 1% of the sales price of real estate. This tax generated approximately \$6 million towards the county's general fund in 2005. Whether this tax could legally be increased is yet unknown from a legal perspective.

Funding infrastructure through a RETT (in part) means that residents throughout the county/city would contribute in proportion to the value of property they buy/sell, rather than whether or not the property being taxed will benefit from any particular infrastructure investment.

Legislation enabling the expanded use of RETT has been introduced and rejected at the state level numerous times. In 2007 the Oregon Housing Alliance came close to successfully lobbying for a statewide document recording fee, having found that a statewide fee or tax was equally as palatable as legislation enabling local jurisdictions to levy their own tax. This fee would have gone towards programs that target the housing needs of low-income families. It is expected to be revisited in 2009.

### 7. Windfall Tax

A windfall tax recaptures a portion of the increase in land value attributable to public action (such as annexation or incorporation into the UGB, as is planned for land within the South Hillsboro Plan Area). Great Britain appears to have enabled this type of tax in 2007, known as a Planning-Gain







## Implementation Action

Supplement. As a basis of taxation, a windfall tax appeals to equity principles and has thus been a source of discussion over the years. However, a working model has yet to be enacted within the United States to our knowledge.

Metro investigated this potential revenue source in 2006, in part as a recommendation from the Measure 37 subcommittee (which recommended generating funds to pay for claims via a windfall tax). The Metro 'Fair Growth and Farmland Project' Committee determined that the tax could legally be structured as an excise or privilege tax, or specialized capital gains tax, and recommended parameters for the tax's structure. However, the Metro Council took no action on the report's recommendations, choosing not to pursue further investigation or possible implementation.

The Metro Council is now undergoing a New Look at Regional Choices to investigate how to pay for infrastructure (both new and aging). A windfall tax is not a current focus of the Council's discussions, although no options are off the table.

### 8. Urban Renewal

Urban renewal and associated tax increment financing allows a district to spend future tax dollars on capital projects needed today, in theory, to facilitate the development that will generate those future tax dollars. It freezes the property value and tax revenue within a district and bonds against the anticipated future increase in value and taxes.

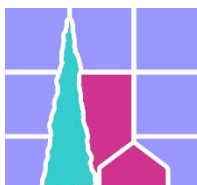
One controversial impact is that prospective tax revenue increases are diverted from the jurisdiction's general fund – and other special taxing districts – until urban renewal/tax increment backed bonds are repaid. Thus those that would most directly benefit from infrastructure pay its cost, but through taxes that would have paid for other public services in the absence of an urban renewal district.

Urban renewal can be an effective tool in raising significant funds and are often acceptable to the public because the revenue sources tapped are from development that ostensibly would not have happened without the urban renewal investment. However, jurisdictions are limited in the percent of their land area and property value that can be within urban renewal districts at one time. Political viability and city-wide funding priorities are both critical factors in determining the appropriateness of this tool.

### 9. County Service District

State statute enables Counties to establish Special Districts, which operate similarly to an LID. The League of Oregon Cities describes the advantage of Special Districts over LIDs as greater leeway in demonstrating the nexus between the action and the property benefit – this may be simply a matter of precedent, as LIDs are often used for fairly simple transportation improvements. Special District Funds generated can be used for construction or operation of capital facilities.

A district's assessments can be based on property value, in which case, as a property tax, it is subject to the tax limits associated with Measure 50/47. In its





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analysis for North Bethany, ECONorthwest describes alternative assessment formulas based on factors such as land area, trip generation, proximity to facilities or franchise fees. The potential political and legal acceptability of these options is described as unknown. However, Washington County staff indicates that this is one avenue of possible funding that may be promising and worth pursuing.

A downside of this tool is that the authority to establish districts rests with counties and not cities; it would at minimum require significant coordination with Washington County. It is possible that the district's Board of Directors could be defined as Hillsboro's City Council; the legalities of this approach are as yet unknown.

### 10. Excise Tax

In September 2007 Governor Kulongoski signed SB 1036, which enables school districts to levy a tax on construction and limits the use of this funding source by other entities. The bill grandfathered existing construction taxes such as Metro initiated in 2006, and allows existing excise taxes to be increased. The Metro tax goes towards planning for areas newly brought into the UGB and is capped at \$6.3 million, estimated to be raised over three years.

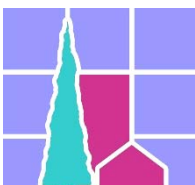
Due to the passage of this bill, the only option for using this source to support infrastructure development may be via a regional fund supported by an increase in Metro's existing taxing ability. The legality of extending this tax is also unknown at this time.

As with general property taxes, one issue associated with this potential funding source is the relatively looser nexus between new construction throughout the region and infrastructure investments within the region's newest communities.

### 11. Reimbursement District

This is a tool that enables developers to repay one another directly without the city or county serving as an intermediary. If a developer contributes, for instance, an over-sized water line, a portion of the cost is determined to be a credit. Later developers then pay the original developer the value of that credit in lieu of some portion of an SDC charge.

Rather than a new source of revenue, this is a tool that moves risk and carrying costs from the city to the developer. Washington County Counsel Dan Olsen stated that this approach was used in the construction of the Woodburn Outlet Mall. In that case, any development that followed the outlet mall's construction within 10 years owed a portion of the I-5 interchange improvement costs to the outlet mall's developer. A developer's interest in pursuing this strategy is likely tied to the depth of his resources and his confidence that additional development will follow his own investment within a reasonable time frame.



## 12. Homeowner Associations

Like the reimbursement district, this is a tool for handling infrastructure costs without the city's involvement. This tool has not been employed for funding infrastructure within Oregon to our knowledge. Its advantages are that it does not require voter approval, it removes risk from the city and reduces the city's total taxes levied (which are limited to a certain percentage of the city's Real Property Value). It can also be attractive to developers because unlike an SDC, the cost of Homeowner Association dues will not be rolled into the home's purchase price.

## 13. Grants/Donations

Of the Plan Area's infrastructure needs, parks and **open space** likely represents the best potential fit for grants and donations. Possible sources would be determined on a project basis and may generate relatively few funds. The initial comparison of infrastructure costs and revenues indicates that there is in fact a parks surplus, although this may change as figures are revised.

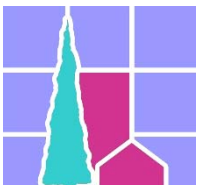
## 14. Vehicle Registration Surcharge

ECONorthwest's research for North Bethany indicates that Oregon counties can assess a \$15 registration surcharge, countywide, to two-year registrations. Washington County currently does not assess this fee. Proceeds would be relatively low (around \$2.2 million) and would need to be applied to projects countywide. The likelihood of such an initiative passing and whether this mechanism has been explored in the past has is as yet unknown.

## 15. Non-Local Sources of Funds

The most likely source of state support would be lower-cost loans than the City may be able to obtain independently, such as through the State Revolving Loan Fund. Additional Federal and state sources may be available; a comprehensive search has not yet been completed with this initial assessment. State representatives describe a funding package in the works for 2009 that would provide an on-going funding stream, but the magnitude and priorities associated with this package are unknown. The League of Cities is lobbying for \$170 million to be distributed among cities.

Based on the experience of other Metro area jurisdictions who are grappling with this issue – and the increasing trend of reduced federal support for state and local programs – support from larger government bodies appears likely to be extremely limited. Preliminary discussion with OECDD's Capital Projects Division also indicates that, in the absence of new legislative initiatives, the infrastructure funding mechanisms and solutions that Oregon communities now seek will likely come from the communities who are most impacted by this issue, rather than from the state level.

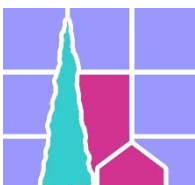




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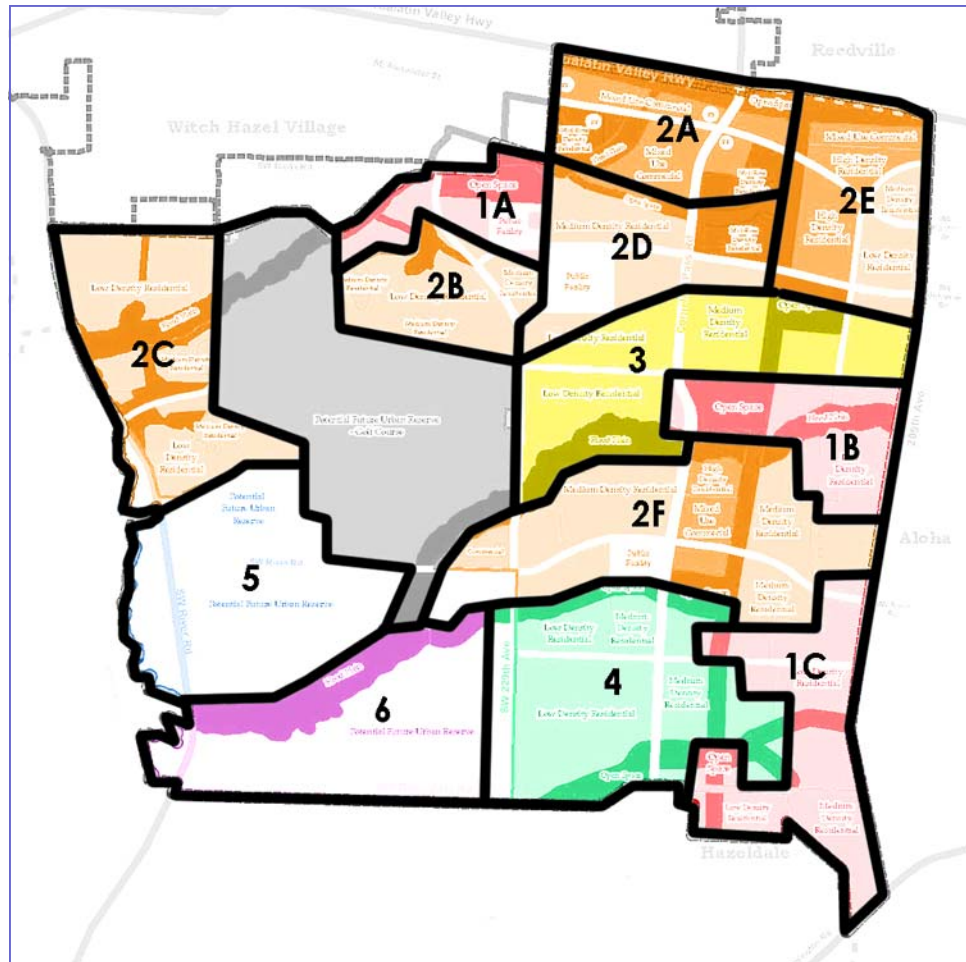
### 16. Selective Classification of Arterials and Collectors

Study Area roadways will be classified as arterials, collectors, neighborhood routes and local streets according to their projected Average Daily Traffic. Arterial and collector streets constructed by developers qualify for Traffic Impact Fee credits. To qualify for credits, arterial and collector streets must be listed in the TIF Base Report. The City of Hillsboro has suggested not listing planning area arterial and collector streets on the Base Report, to enable TIF funds to focus on off-site roadway systems impacted by Study Area development.





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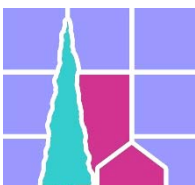
South Hillsboro Phasing Plan [Figure 19]

## Phasing Plan

The South Hillsboro planning area is located south of the Tualatin Valley Highway and the Portland and Western Railroad. How these transportation systems are adapted for access to the South Hillsboro planning area is paramount to initial development and subsequent development phases. The railroad operators have concern with continued at grade crossings especially when traffic volumes increase. The cost for a separated crossing is significant and will require cooperation of all stakeholders and funding that results in financial success upon completion.

Extension of Cornelius Pass Road south requires crossing the railroad, but also require crossings at Butternut Creek and Rosedale Creek. The environmental sensitivity and length of the crossings will require detailed planning and coordination with Division of State Lands and Corps of Engineers. Significant cost elements for this work must be factored into development financing.

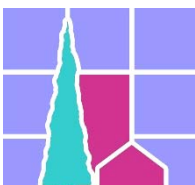
Water service to most of the South Hillsboro planning area is dependant upon a new storage and distribution system extending from near TV Highway at SW







## Implementation Action



229<sup>th</sup> Avenue. The existing ten inch (10") lines located in the Witch Hazel Village area will provide distribution grid connections at the west as new water lines are installed in the South Hillsboro planning area. Initial extensions would provide service to UGB Expansion Area 71 and then extend further south and east.

Sanitary sewer connection is available from the new twenty-four inch (24") trunk sewer at Davis Road and SW 234<sup>th</sup> Avenue for extension into UGB Expansion Area 71 and south to the Reserve Golf course. The area served by the twenty-four inch (24") trunk sewer would also extend east to SW 209<sup>th</sup> Avenue and north to TV Highway. Clean Water Services has determined additional capacity can be developed at the Aloha and Cross Creek Pump Stations to serve an area approximately the size of UGB Expansion Area 69. The boundary is irregular in shape thus making it difficult to serve the precise land within Area 69. However it is expected land area adjustments will be made with a logical approach to development while maximizing available capacity of the pump station.

Gravity sewers twelve inch (12") and smaller would be constructed to collect and convey the Area 69 waste flows to the Aloha and Cross Creek Pump Stations. Proposed sewer system upgrades will allow subsequent development of land west of Area 69, eventually extending to River Road.

Development of Area 69 will require road improvements to SW 209<sup>th</sup> Avenue including half street improvements and potentially an upgrade at the intersection of TV Highway.

Proposed UGB expansion area adjacent to River Road and south of Witch Hazel Village can be served with water line extensions from River Road and the Witch Hazel Village area. Sanitary service can be provided with a trunk sewer extension on River Road from the River Road Pump Station.

Available utility and street connections at the edge of proposed expansion areas will guide the sequence and rate of development. UGB expansion Areas 69 and 71 have strong potential for developing initially since as noted the utilities and street network can be upgraded and extended most directly. The phasing plan identifies these areas as 1A, 1B and 1C which will likely be the early phases to develop.

Other areas may develop simultaneously or follow as demand for housing dictate. The phasing plan identifies the next growth "level" occurring in areas 2A through 2F. Areas 3 and 4 would complete development of the South Hillsboro Community Plan.

The phasing numbers indicate a probable order to development. The letters reflect subareas that may or may not develop in the sequence shown. Variables such as housing demand, property owner interest to develop or sell property to developers and available infrastructure for extension are some of the variables that will influence order and rate of development.

Prior to annexation of properties within the Plan area, the City and South Hillsboro developers could enter into pre-annexation or development agreements as an implementation tool. These agreements would identify



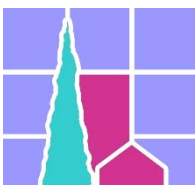
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certain triggers that would control the timing or phasing of development. The value of this approach is its ability to secure assurances for the City and owners and developers throughout South Hillsboro that improvements called for in the Plan (i.e., transportation, infrastructure, parks) will be built in a timely manner, commensurate with a managed flow of development activity and funding. It could also help establish equitable terms of cost sharing among owners and developers.



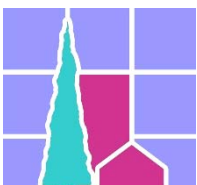
*The South Hillsboro Community Plan represents the combined efforts of City, County, and affected agencies; guidance from Task Force and Technical Advisory Committee members, active participation of local residents and adjacent neighbors; innovative design from city staff and an expanded consultant team; and a public/private partnership to collaboratively plan and implement this project. These collective efforts span more than a decade, and have created a plan that captures local and regional aspirations and defines a unique sense of place for the future South Hillsboro community.*

Complete ► Connected ► Green





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## Glossary

### **Concurrency**

Concurrency refers to the timely provision of public facilities and services relative to the demand for them. To maintain concurrency means that adequate public facilities are in place to serve new development as it occurs. [Washington State Department of Community, Trade and Economic Development]

### **Density**

The number of dwelling units per net acre.

### **Greenstreets**

Public or private streets designed to allow roadways to better manage stormwater runoff quantity and quality within the right-of-way over the long term. Design elements and facilities that can be used to accomplish this include, but are not limited to, minimizing paving and/or using pervious paving materials, maximizing street tree coverage, using multi-functional open drainage systems in lieu of more conventional curb-and-gutter systems, reducing cul-de-sac radii and using vegetated islands in the center. (Added by Ord. No. 5728/3-07)

### **Habitat Friendly Development Practices**

Includes a broad range of development techniques and activities that reduce the detrimental impact on fish and wildlife habitat relative to traditional development practices. (Added by Ord. No. 5729/3-07)

### **Infrastructure**

The fundamental facilities and systems serving a community as transportation and communications systems, schools and parks.

### **Mixed Use Development**

One or more structures, on a lot or contiguous lots, in which a combination of residential and commercial or commercial and industrial uses are permitted, but where uses not permitted in the underlying zone are limited to less than 40 percent of the overall floor area of the structure or structures.

### **Open Space**

Consists of lands used for agricultural or forest uses, and any land that would, if preserved and continued in its present use:

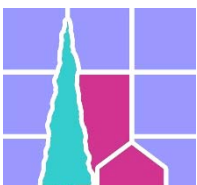
- (1) Conserve and enhance natural or scenic resources.
- (2) Protect the air and water.
- (3) Conserve landscaped areas, such as golf courses, that reduce air pollution and enhance the value of abutting and neighboring properties.
- (4) Enhance recreation opportunities.
- (5) Preserve historic sites.
- (6) Promote orderly and efficient urban development.
- (7) Protect bird rookeries, spawning beds and wildlife habitat areas.

### **Significant Natural Resources**

Significant Wetlands, Riparian Corridors and Wildlife Habitat within the City of Hillsboro city limits and identified in the adopted *List of Significant Goal 5 Natural Resource Sites in Hillsboro* and the *City of Hillsboro Goal 5 Natural Resource Inventory and Assessment Report* (Ord. No. 5066/9-01).

### **Third Place**

A commonly accessible location within a neighborhood, which is neither "home" nor "work", which functions as a gathering place for social interaction among residents and visitors. Alternatively, a commonly accessible location within a business district or a campus development which fulfills the same function for employees and



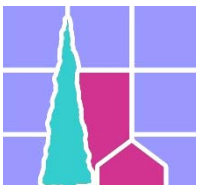


## Glossary

customers. Such locations are characterized by planned or spontaneously occurring amenities such as hardscaped or landscaped group seating areas and activities equipment. Third places can be either indoors or outdoors, and either publicly or privately owned. (Added by Ord. No. 5778/8-07)

### ***Wetlands***

Areas that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that, under normal circumstances, do support a prevalence of vegetation typically adapted for life in saturated soil conditions.





1                   **JOINT PLANNING COMMISSION RESOLUTION NO. 1670-P**  
2                   **JOINT CITY COUNCIL RESOLUTION NO. 2257**

3  
4                   **ENDORSEMENT of**  
5                   **SOUTH HILLSBORO COMMUNITY PLAN &**  
6                   **URBAN RESERVES DESIGNATION**  
7

8   A JOINT HILLSBORO CITY COUNCIL AND PLANNING COMMISSION RESOLUTION  
9   ENDORISING DESIGNATION OF "*SOUTH HILLSBORO URBAN RESERVES*" (2,330  
10   ACRES) AND THE FUTURE ADOPTION OF THE SOUTH HILLSBORO COMMUNITY  
11   PLAN.  
12

13       WHEREAS, since the mid-1990s the Planning Commission and City Council have  
14   embraced a long-term land use policy direction which looks to the South Hillsboro Area as a  
15   future complete community that will provide needed, diverse housing for workers within the  
16   City's large and growing industrial and employment centers and have informally endorsed  
17   several prior iterations of a South Hillsboro Concept Plan and conducted many South Hillsboro  
18   Concept Plan work sessions; and  
19

20       WHEREAS, approximately 335 acres of land in the South Hillsboro Area, generally  
21   known and identified as "Area 69" and "Area 71" were added to the Regional Urban Growth  
22   Boundary (UGB) on December 5, 2002 by adoption of Metro Ordinance No. 02-969B; and  
23

24       WHEREAS, with the inclusion of Areas 69 and 71 in the UGB, Metro (with the  
25   concurrence of Washington County) expected Hillsboro to develop community plans for Areas  
26   69 and 71 in accord with Metro Functional Plan Title 11; and  
27

28       WHEREAS, to comply with Title 11 and otherwise achieve the regional goals of compact  
29   urban form, efficient use of land, and rational and economic provision of urban services, the City  
30   determined, with the support of Metro and Washington County, that Areas 69 and 71 should not  
31   be planned as separate isolated parcels, but rather should be planned for urbanization as part of  
32   the larger South Hillsboro Area; and  
33

34       WHEREAS, the City has conducted an extensive community planning process, including  
35   the formation of a citizens task force and a technical advisory committee, the latter included  
36   representatives from Washington County, Metro, Oregon Department of Transportation  
37   (ODOT), Department of Land Conservation and Development (DLCD), and other government  
38   agencies. During the past year, the City held 14 public meetings with the two advisory groups  
39   plus additional public workshops and four work sessions with the Planning Commission. The  
40   result of the public planning process is the attached, *South Hillsboro Community Plan*, dated  
41   February 22, 2008 ("Community Plan"); and  
42

43       WHEREAS, the *Community Plan* encompasses about 2,330 acres of land generally  
44   known as the South Hillsboro Area which is shown on the attached Area Map, dated April 2,  
45   2008, and provides the land use and development framework for 1,566 acres, including Areas 69  
46   and 71, and the balance (764 acres) is designated "Potential Future Urban Reserve;" and

1  
2 WHEREAS, this latest version of the Plan has achieved the stated South Hillsboro  
3 Planning Goal adopted by the City to prepare a plan that meets all Regional "Great  
4 Communities" planning goals and characteristics established by Metro as a part of its "New  
5 Look/Greatest Places" Planning Initiative; and  
6

7 WHEREAS, the *Community Plan* sets forth in detail how the initial 1,566 acres of the  
8 *Community Plan* would be developed and how such future development would benefit the  
9 existing neighborhoods surrounding the plan area as well as the entire City of Hillsboro by  
10 providing, among other things, needed housing and capacity to generate resources needed to  
11 effectively mitigate adverse transportation system impacts that may arise from South Hillsboro  
12 Area development; and  
13

14 WHEREAS, the land use and public facilities/infrastructure proposals prescribed for  
15 Areas 69 and 71 - when considered and evaluated in the context of the *Community Plan* for the  
16 entire South Hillsboro Area and particularly the 1,566 acres of the entire South Hillsboro Area  
17 already planned in detail - address and meet all applicable Metro Urban Growth Management  
18 Functional Plan concept planning requirements and Metro UGB expansion conditions of  
19 approval; and  
20

21 WHEREAS, after considering a piece-meal incorporation of the land use and  
22 facilities/infrastructure proposals for Areas 69 and 71 into the City's Comprehensive Plan, the  
23 Planning Commission and City Council conclude that the wisest course of action is to develop  
24 Areas 69 and 71 in conjunction with initiating development of the *Community Plan* since  
25 adverse community transportation impacts can be more readily reduced with the ability to  
26 pursue and implement various land use and public infrastructure proposals prescribed for the  
27 *entire* South Hillsboro Area by the *entire* *Community Plan*; and  
28

29 WHEREAS, the *Community Plan* manifests and satisfies most of the required "Urban  
30 Reserve Factors" established by the Oregon Land Conservation and Development Commission  
31 in OAR 660-027-0050 including a mixture of higher and moderate urban densities, mixed uses  
32 within urban community town centers and corridors, public schools and other urban-level public  
33 facilities and services; an infrastructure financing plan; community walk-ability and area-wide  
34 street connectivity, protection of important natural resources and ecological systems,  
35 community-wide and physical separation and isolation from important agricultural lands; and  
36

37 WHEREAS, during Planning Commission consideration of pending Comprehensive Plan  
38 Amendments to incorporate Area 69 and Area 71 land use and public infrastructure proposals  
39 into the Plan it has become clear that by delaying their development more time and resources  
40 will be available to resolve those issues that affect the adoption and implementation of the  
41 *Community Plan*; and  
42

43 WHEREAS, the Planning Commission and City Council intend that the *Community Plan*  
44 will provide the basis for cooperation between the city, public agencies and other stakeholders to  
45 address the remaining issues, such as transportation impacts and long-term Area governance  
46 issues and that effective resolution of these issues will first require:

- 1) Inclusion of the entire 2,330-acre South Hillsboro Area (which would not include Areas 69 and 71 that are already within the UGB) in Regional Urban Reserves;
- 2) Addition of substantial portions of the Plan Area (which would not include Areas 69 and 71 that are already within the UGB) into the Regional UGB in the near future to generate the capital and revenue resources needed to resolve these issues, and
- 3) Formal City adoption of the attached South Hillsboro Community Plan to establish, fund and construct the planned land uses and capital facilities needed to resolve these issues.

NOW, THEREFORE, BE IT RESOLVED by the Hillsboro City Council and Planning Commission as follows:

1. The Planning Commission and City Council endorse the attached South Hillsboro Community Plan in its entirety and intend to adopt and incorporate the Plan into the Hillsboro Comprehensive Plan as the City's future land use and public infrastructure development guide for the South Hillsboro Area at the earliest appropriate date.
2. The Planning Commission and City Council respectfully request that the Washington County Reserves Coordinating Committee recommend designation in 2008-09 of the entire 2,330-acre South Hillsboro Area to the Regional Reserves Steering Committee and Metro as Regional Urban Reserves (recognizing that of this 2,330 acres, it is hoped that the 1,231 acres currently outside the UGB but for which detailed land use concepts are prepared in the South Hillsboro Community Plan be added to the UGB at such time the next boundary decision occurs).
3. The Planning Commission and City Council intend to strongly support and advocate the inclusion of the South Hillsboro Area within the Regional UGB.

NOW, THEREFORE, BE IT FURTHER RESOLVED that upon adoption of this joint Resolution by the Planning Commission and City Council, City staff is hereby directed and authorized to (1) transmit final copies of this Resolution to the Metro Council, the Washington County Board of Commissioners, the Regional Reserves Steering Committee, the Washington County Reserves Coordinating Committee and such other appropriate State, Regional and local government agencies and officials as deemed appropriate by staff; (2) take whatever steps are necessary to achieve the inclusion of the South Hillsboro Community Plan Area into the Metro Regional Urban Reserves and subsequent Regional UGB.

1 This Resolution shall be effective immediately upon its adoption by both the Hillsboro  
2 Planning Commission and Hillsboro City Council.

3  
4 ADOPTED by the Hillsboro Planning Commission this 29<sup>th</sup> day of May, 2008.

5  
6  
7  
8  
9  
10 John O. Coulter  
John Coulter, President  
Hillsboro Planning Commission

11  
12 Attest: Vickie Ward  
13 Vickie Ward/Lisa Califf  
14 Commission Secretary  
15

16  
17  
18 ADOPTED by the Hillsboro City Council this 11 day of June, 2008.  
19  
20

21  
22 Tom Hughes  
23 Tom Hughes, Mayor  
24

25  
26 Attest: Amber Ames  
27 Amber Ames  
28 City Recorder

# **THE RUX GROUP LLC**

15532 SW Thrasher Way, Sherwood, OR 97140

971.275.7781

[drux@frontier.com](mailto:drux@frontier.com)

## **MEMORANDUM**

TO: Patrick Ribellia, Planning Director  
Jeannine Rustad, Urban Planner III  
Alwin Turiel, Long Range Planning Manager

FROM: Doug Rux, Planning Consultant

SUBJECT: Draft SoHi Estimated Construction Costs and SDC Revenue Update

DATE: October 18, 2011

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In late June 2011, Dick Benner at Metro inquired about developer contributions towards infrastructure costs for South Hillsboro (SoHi) as part of the analysis of potential Urban Growth Boundary (UGB) expansion areas. Mr. Benner further asked if the City of Hillsboro had information on anticipated developer contributions based on the South Hillsboro ("SoHi") Community Plan 2010 updated numbers. His inquiry was based on review of the following documents from the City:

- (1) Infrastructure Financing Strategy 2008
- (2) Hovee's Infrastructure Funding Review 2008, and
- (3) SoHi Community Plan Overview 2010

Updates to SoHi infrastructure costs have occurred through a series of meetings with Partners and City of Hillsboro departments and outside agencies. These meetings have been held with a target development ready timeframe of 2013/14 in mind. From these discussions a draft update of the estimated Infrastructure Costs and System Development (SDC)/Transportation Development Tax (TDT) Revenue Comparison, which was originally included as Table 11 of the 2008 South Hillsboro Community Plan has been prepared. That draft is included as Attachment 1 (covers the proposed Area 2 of Metro Ordinance 11-1264 along with Areas 69 & 71, does not include the area south of Witch Hazel along Brookman Road to River Road). The dollar figure estimates are based on complete build out of 8400 dwelling units in the current SoHi Plan and does not factor into the estimates the added units for the proposed SoHi UGB expansion Area 2 that is called for by the latest UGB condition #3. Such new estimates can be developed at the SoHi Community Plan amendment stage to follow UGB expansion. The City of Hillsboro anticipates SoHi development proceeding in phases (and phases w/in phases), so infrastructure costs, too, will have to be covered as development progresses over time via phased development.



The draft information updates construction costs for water, sanitary sewer, parks and transportation. The draft updates include changed circumstances (inflation/deflation, resizing water lines, water line locations, alternatives to sanitary sewer alignments, Clean Water Services (CWS) identification of a new pump station, park sizes and locations, and transportation costs attributed to only arterial and collector roadways, as examples). On the revenue side the draft update includes adjusted rate calculations for SDC's/TDT and number of anticipated schools. No adjustments were made to the planned number of residential dwelling units or commercial square footage from the 2008 SoHi Community Plan.

Attachment 1 serves as the baseline to respond to Dick Benner's question about developer contributions towards infrastructure costs. **It is important to note that to fully answer the questions posed by Mr. Benner, additional, more detailed analysis would be required. This refined analysis will be performed as the City of Hillsboro progresses through Annexation Agreements and Development Agreements over the next 2-3 years.**

Overall, SoHi is proposed to have infrastructure privately funded, with a small percentage yet to be determined attributed directly to the public. This statement is supported by information contained in the South Hillsboro Community Plan SoHi Overview<sup>1</sup> and testimony provided by Mr. Jeff Bachrach representing Newland Properties at the October 6, 2011 Metro hearing on Ordinance No. 11-1264 indicating SoHi will be primarily private sector funding and driven by the private sector.<sup>2</sup>

The first assessment of the draft 2011 data in Attachment 1, using Dick Benner's categories of the 2008 data indicated in his June 27, 2011 email, is that revenues exceed costs for water and sanitary sewer. Park SDC revenues cover 62.5% of the costs and the TDT covers 32.5% of transportation costs. As explained below, supplemental SDCs are under negotiation with the private developers to cover these gaps.

Notes from the series of meetings referenced above further detail and explain the assumptions contained in Attachment 1 to establish developer contribution amounts. Below is a summary:

**Water** – All lines in SoHi are distribution lines that will be constructed by private development. The estimated cost of the primary distribution lines are \$10.849 million based on 2011 dollars. This does not include the secondary lines to service individual development areas that are the responsibility of private development and have not been assigned costs at this time.

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<sup>1</sup> *South Hillsboro Community Plan, SoHi Overview*, Spring 2010, Funding the Transportation Plan, Pages 24-17.

<sup>2</sup> Mr. Jeff Bachrach Testimony, Metro Hearing October 6, 2011, Ordinance No. 11-1264 at 1:52:25.

Two aspects of the water system that have direct public costs are the water reservoir and cost sharing for water lines above 12". The water reservoir cost (\$21 million) is not included in Table 11.

The City portion of cost sharing of water lines above 12" have not been precisely calculated at this stage of analysis and will be done through Annexation Agreements and Development Agreements to establish the final developer contribution amounts. Within SoHi the cost sharing for lines above 12" will be limited to lines in Cornelius Pass Road, 229<sup>th</sup> Avenue from Rosedale Road to McInnis, Rosa Road from Cornelius Pass Road to 229<sup>th</sup> Avenue and Alexander Street west of Cornelius Pass Road. The planning level order of magnitude cost sharing difference above the 12" lines are in the range of \$1.5 – \$1.9 million with final cost sharing amounts to be determined.

**Sanitary Sewer** – Sewer lines, as modeled in SoHi, are the responsibility of private development to construct. Sanitary sewer trunk line estimated costs are \$7.585 million based on 2011 dollars. This does not include the secondary lines to service individual development areas which are the responsibility of private development and have not been assigned costs at this time.

Components of the sanitary sewer system that will have a direct public costs are pump stations and force mains. This includes the Butternut Creek Pump Station and force main to the River Road Pump Station and the future Rosedale Pump Station with a force main to the Butternut Creek Pump Station and the gravity line in Cross Creek from the Cross Creek Pump Station to the Rosedale Pump Station. CWS will use SDC funds collected system wide in their service area to construct these infrastructure components of the SoHi sanitary sewer system. CWS will be developing cost estimates for each. 2008 estimates for the Butternut Creek Pump Station and force main were \$5 million.

**Parks** – There is a funding deficiency for the development of parks estimated at \$21.137 million out of an overall cost of \$56.319 million. A supplemental SDC is under discussion with SoHi Partners to narrow or close this funding deficiency. Proposed language in draft Memoranda of Understanding between the City of Hillsboro and GLC-South Hillsboro LLC and Hagg Lane LLC refer to a supplemental park SDC charge. The amount of the supplemental SDC has yet to be established but could be in the range of a 25% - 50% increase over the base park SDC charge for residential, commercial and civic uses. This could generate total revenue of \$44 – \$54 Million). Other funding sources could include bond issuance or grants which could be viewed as a public cost. Development of public parks by private developers is also eligible for SDC credits as determined by the City of Hillsboro. Park funding will be further discussed and evaluated through Annexation Agreements and Development Agreements to establish the final developer contribution amounts.

**Transportation with storm water** – Transportation costs have been developed for arterials and collector roadways that do not have an existing identified funding

source. This analysis does not include lower classification roadways that are an obligation of the developer to construct. The funding deficiency for transportation is estimated in 2011 dollars to be \$90 million for SoHi. The \$90 million gap (roads and storm drainage) is a build-out estimate that spans the entire proposed UGB area along with areas 69 and 71. A supplemental SDC is under discussion with SoHi Partners to narrow or close this funding deficiency. Proposed language in draft Memoranda of Understanding between the City of Hillsboro and GLC-South Hillsboro LLC and Hagg Lane LLC refer to a supplemental transportation SDC charge. The amount of the supplemental SDC has yet to be established but could be in the range of a 50% increase for residential uses (total revenue of base charge plus supplemental of \$81 million) and a 75% -100% increase (total revenue of base charge plus supplemental of \$10 - \$11 million) for commercial and civic uses over the base TDT charges.

Transportation Development Tax (TDT) credits are also available for roadways per the Washington County TDT ordinance. This could range from 50% to 100% creditable for arterials and collectors depending on the roadway. The \$90 million transportation cost value does not include transportation improvements for roadways contained within an adopted Transportation System Plan (TSP) for the City of Hillsboro or Washington County where a funding source has already been identified. Examples are 209<sup>th</sup> Avenue from TV Highway to Farmington Road, intersection improvements at 209<sup>th</sup> Avenue/Kinnaman Road and TV Hwy/209<sup>th</sup> Avenue identified in the County TSP or 209<sup>th</sup> Avenue from Farmington Road to TV Hwy in the Washington County Transportation Development Tax Road Project List.

**Storm Water** – Private development will be constructing storm water improvements not included or associated with the proposed transportation system.

**Civic Uses** – A variety of civic uses have been identified in SoHi. These include a library, police precinct, schools, fire station and community center. These costs are typically public costs and not attributed to private development.

As previously stated there are two categories of infrastructure where a supplemental SDC is being discussed to narrow or close the funding deficiency - Parks and Transportation - outside of traditional public funded programs (civic improvements). Data modeling has also taken into consideration public funding for certain infrastructure components where funding programs provide for direct public expenditures (CWS), credits or cost sharing. It has also been expressed in the SoHi Overview 2010 for transportation and through public testimony that SoHi will be primarily private sector funded. The precise private sector contributions in all categories have not been finalized at this time, but will be further refined as the City of Hillsboro and its Partners progresses through Annexation Agreements and Developer Agreements.

Attachment 1: Draft Infrastructure Cost and SDC/TDT Revenue Comparison  
[Table 11]

Infrastructure Cost and SDC/TDT Revenue Comparison [Table 11] <sup>1</sup>							
Area		Units	Square Feet	Water	Sanitary Sewer	Parks	Transportation w/Stormwater <sup>2</sup>
1	Cost Estimate			470,000	180,000	181,000	5,961,000
	Revenue Est.						
	Residential	507		2,840,000	2,402,000	2,000,000	3,130,000
	Commercial						
	Civic						
	Park						
	Total			2,840,000	2,402,000	2,000,000	3,130,000
	GAP			2,370,000	2,222,000	1,819,000	(2,831,000)
2	Cost Estimate			416,000	489,000	18,157,000	12,840,000
	Revenue Est.						
	Residential	272		1,520,000	1,296,000	1,080,000	1,480,000
	Commercial						
	Civic						
	Park			45,000	6,000		4,000
	Total			1,565,000	1,302,000	1,080,000	1,484,000
	GAP			1,149,000	813,000	(17,077,000)	(11,356,000)
3	Cost Estimate			3,932,000	1,777,000	16,700,000	51,509,000
	Revenue Est.						
	Residential	4,144		21,275,000	19,486,000	16,410,000	18,960,000
	Commercial		439,880	1,121,000	771,000	763,000	4,962,000
	Civic		275,168	884,000	811,000	475,000	526,000
	Park			134,000	27,000	475,000	26,000
	Total			23,414,000	21,095,000	18,123,000	24,474,000
	GAP			19,482,000	19,318,000	1,423,000	(27,035,000)
4	Cost Estimate			2,357,000	2,816,000	13,699,000	41,217,000
	Revenue Est.						
	Residential	1,602		9,045,000	7,594,000	6,350,000	8,660,000
	Commercial		22,723	42,000	42,000	34,000	180,000
	Civic		No new				
	Park			45,000	6,000		4,000
	Total			9,132,000	7,642,000	6,384,000	8,844,000
	GAP			6,775,000	4,826,000	(7,315,000)	(32,373,000)
5	Cost Estimate			3,719,000	2,323,000	7,582,000	27,575,000
	Revenue Est.						
	Residential	1,879		10,510,000	8,931,000	7,440,000	10,950,000
	Commercial						
	Civic		76,421	250,000	220,000	155,000	139,000
	Park			89,000	12,000		9,000
	Total			10,849,000	9,163,000	7,595,000	11,098,000
	GAP			7,130,000	6,840,000	13,000	(16,477,000)
ALL							
	Total Cost Estimate			10,894,000	7,585,000	56,319,000	139,102,000
	Revenue Est.						
	Residential			45,190,000	39,709,000	33,280,000	43,180,000
	Commercial			1,163,000	813,000	797,000	5,142,000
	Civic			1,134,000	1,031,000	630,000	665,000
	Park			313,000	51,000	475,000	43,000
	Total Revenue			47,800,000	41,604,000	35,182,000	49,030,000
	GAP			36,906,000	34,019,000	(21,137,000)	(90,072,000)

<sup>1</sup> Cost and SDC/TDT Revenue estimated at build out (20 years) based on 2011 values

<sup>2</sup> Transportation costs include only arterials and collectors, not all roadways



# City of Hillsboro

## SoHi Community Plan

### Infrastructure Map

Final Concpet as of April 2, 2008

#### SoHi Concept Plan

- Flex Use - 22 acres
- Town Center - 45 acres
- Neighborhood Center - 17 acres
- Tourist Commercial - 9 acres
- Compact Neighborhood - 400 acres
- Single Family Neighborhood - 397 acres
- Large Lot Single Family - 142 acres
- Civic/Institutional - 49 acres
- Existing Civic/Institutional - 22 acres
- Recreation/Open Space - 132 acres
- Green Space - 201 acres
- Golf Course - 298 acres
- Potential Future Urban Reserves - 444 acres
- Major Streets - 155 acres

Future Parks & Schools - Final locations/sizes to be determined by Park Commission & School District

- Community Park
- Neighborhood Park
- School

#### Plan Area Data:

- Urban Reserves (2,007 Acres)
- SoHi Community Plan Area (1,417 Acres)
- Reed's Crossing (463 Acres)
- Butternut Creek (189 Acres)
- Butternut Creek within Area 69
- Area 69 (248 Acres)
- Area 71 (87 Acres)

#### Base Data:

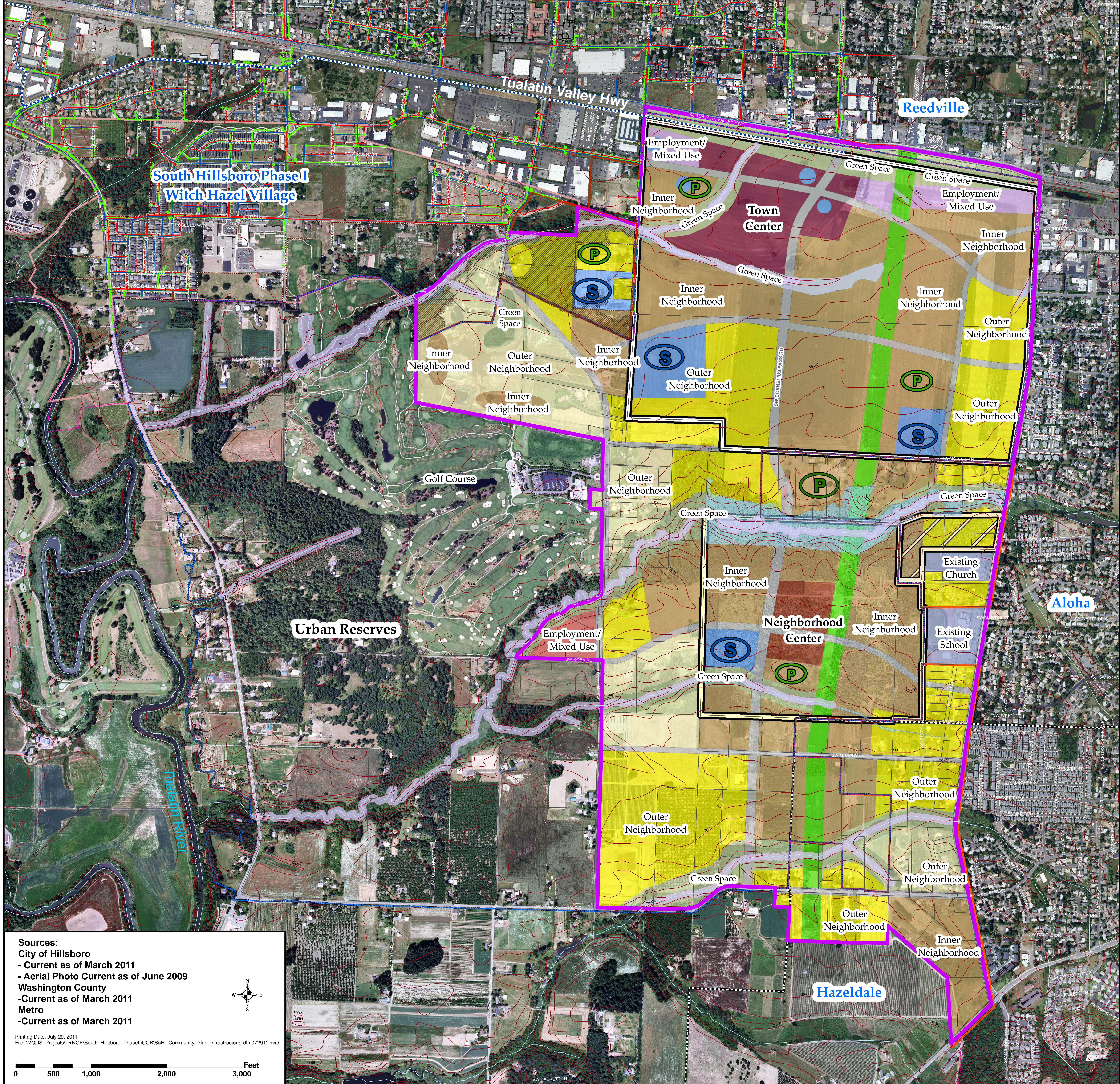
- Witch Hazel Village (317 Acres)
- Taxlots
- Hillsboro City Limits
- UGB
- School District Boundary

#### Natural Resources

- 50 ft Stream Buffers
- Significant Riparian
- SNRO Area 71
- Newland Wetland
- Significant Wetlands

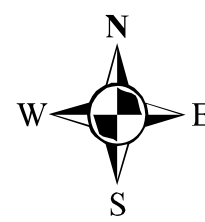
#### Existing Infrastructure

- | Water Mains                  | San Mainline                        |
|------------------------------|-------------------------------------|
| TYPE, LIFECYCLE STATUS       | Type, Life Cycle Status             |
| Mainline, Active             | Forced Mains, Active                |
| Mainline, Abandoned          | Gravity and Forced Mains, Abandoned |
| Hydrant, Active              | Gravity, Active                     |
| Hydrant, Abandoned           | Gravity, Under Construction         |
| High Pressure Main, Active   | Stub Out, Plugged                   |
| Transmission Subline, Active | COH, ACTIVE                         |
| Transmission, Active         | COH, ABON                           |
|                              | PRIVATE, ACTIVE                     |
|                              | Contours                            |



Sources:  
City of Hillsboro  
- Current as of March 2011  
- Aerial Photo Current as of June 2009  
Washington County  
- Current as of March 2011  
Metro  
- Current as of March 2011

Printing Date: July 29, 2011  
File: W:\GIS\_Projects\LRNGE\South\_Hillsboro\_PhaseI\UGB\SoHi\_Community\_Plan\_Infrastructure\_dlm072911.mxd



0 500 1,000 2,000 3,000 Feet



**Joe F. Hanauer**  
**1200 S. Coast Highway**  
**Laguna Beach, CA 92651**

October 6, 2011

Hon. Tom Hughes, President  
And Metro Council  
Metro  
600 NE Grand Avenue  
Portland, OR 997232

Re: **Metro UGB Capacity Ordinance South Hillsboro UGB Expansion**

Dear President Hughes and Metro Councilors:

I'm speaking in support of the South Hillsboro site as a candidate for UGB inclusion. You've each been very kind to receive my information and comments in the past so I will keep my comments short.

I have provided three pieces of information which, if we've discussed in the past, it's been sparingly so I thought they may be informative.

As it relates to the first map, the benefits of South Hillsboro are many and your staff report highlights them well. But among the many attributes this map shows how the inclusion of the 1063 acres of the South Hillsboro Plan unlocks lands currently in the UGB which, without South Hillsboro, particularly the Southern half of South Hillsboro, will likely remain undeveloped. These lands, areas 69 and 71, are currently in the UGB. However, these 335 acres and particularly the 248 acres to the southeast, the area with the red hash marks, will only be efficiently serviced if South Hillsboro is brought into the UGB. Metro's inventory of lands within the UGB that can produce housing includes these with nearly 1300 dwelling units forecasted. Without South Hillsboro they'll be fictitious sources of future housing supply. In fact if developed as part of South Hillsboro the number of dwelling units should well exceed those in Metro's forecast. Also, they will actually be developed versus simply being a theoretical, on paper, source of future supply. This is really important because it illustrates the impact that executing South Hillsboro as a single, intelligently crafted plan will have.

This second map illustrates what we have stressed since the early days of planning South Hillsboro. Typically you'll find ownership of UGB candidate sites with either a single owner or with a large number of unrelated owners. With single ownership, the developer has the luxury of going after the low hanging fruit and developing what and when he wants to develop it. With multiple owners, as has been shown in previously included multi owner sites, getting all owners to act in concert is often near impossible.

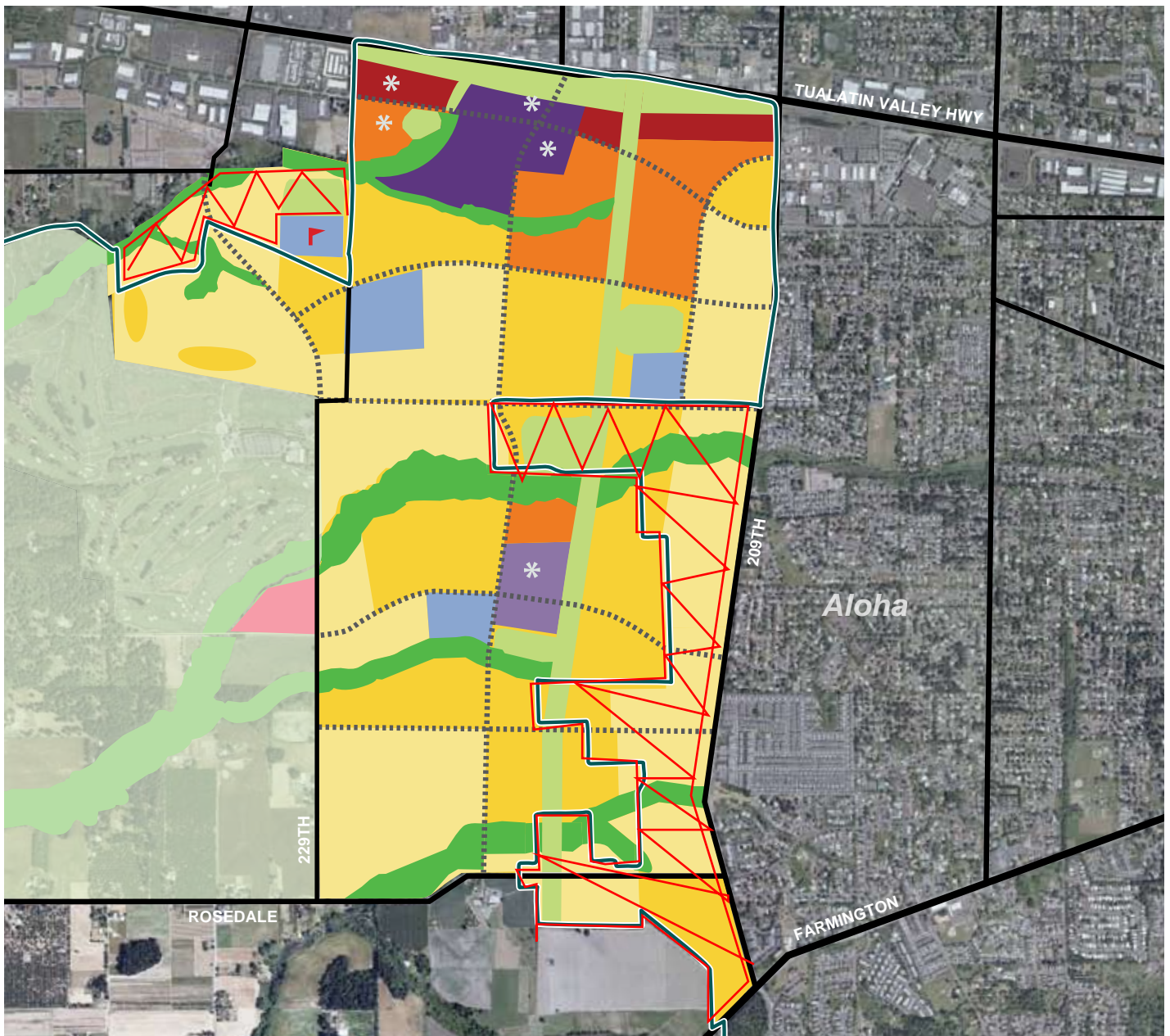
This map illustrates that two owners own over 60% of South Hillsboro and therefore not only will it be able to be developed in partnership with the City of Hillsboro but competition between the two owners will insure it's developed in a timely, thoughtful and market responsive way. Further assurance that development will in fact occur is that the City of Hillsboro has orchestrated a series of meetings in the past nine months participated in by each of the ten service providers who will be servicing South Hillsboro. Each is committed, is contemplating required scheduling and is working on cost forecasts to insure South Hillsboro becomes a reality.

Finally, I've included three tables from a research piece we did earlier this year forecasting supply and demand of housing for West Washington County. What it showed was that if each and every parcel of land either developed or planned for development were in fact developed and sold, there would be a shortage of residential lots in West Washington County by the end of 2013. Then in August when our elected officials in Washington displayed their inability to work with one another, we calculated a few additional scenarios in the event the economy turned south again. One scenario assumed employment forecasts were cut in half and one scenario had no growth in employment at all until 2013. We are forecasting neither of these two. However, even in these low case scenarios there is a shortage of housing by 2015. South Hillsboro will start providing housing towards the end of 2014 and therefore will be meeting even the most conservative supply shortages right when it's needed.

We hope you'll enable South Hillsboro to finally move forward.

Thank you very much.

Joe Hanauer  
Butternut Creek Property  
South Hillsboro Community Plan

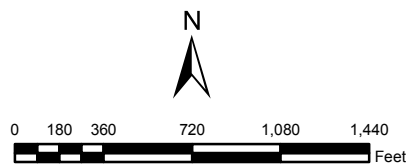
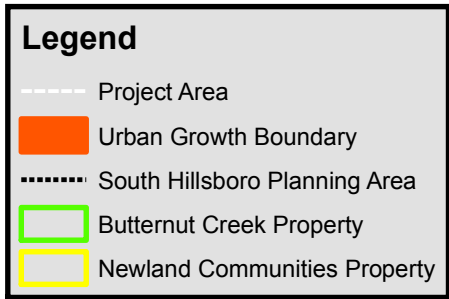
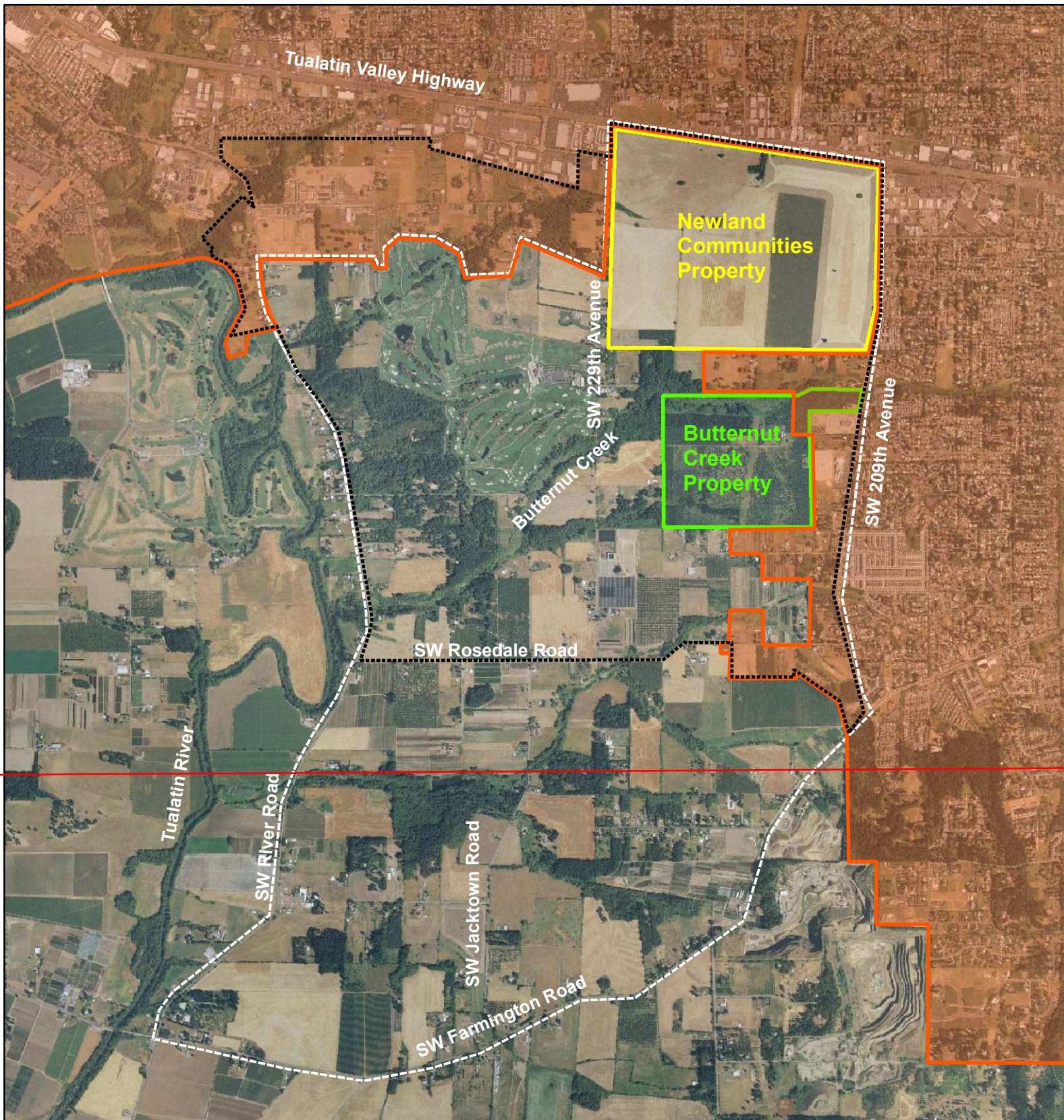


## South Hillsboro Community Plan Area

### Legend

<span style="display:inline-block; width:15px; height:15px; background-color: #f8a4a4; border:1px solid black;"></span> Commercial - Tourism/Retail	<span style="display:inline-block; width:15px; height:15px; background-color: #a4c6ff; border:1px solid black;"></span> Schools
<span style="display:inline-block; width:15px; height:15px; background-color: #800000; border:1px solid black;"></span> Mixed-Use Commercial/Flex/Employment	<span style="display:inline-block; width:15px; height:15px; background-color: #a4d9a4; border:1px solid black;"></span> Parks
<span style="display:inline-block; width:15px; height:15px; background-color: #660066; border:1px solid black;"></span> Mixed-Use Commercial - Town Center	<span style="display:inline-block; width:15px; height:15px; background-color: #668066; border:1px solid black;"></span> Open Space
<span style="display:inline-block; width:15px; height:15px; background-color: #4b0082; border:1px solid black;"></span> Mixed-Use Commercial - Neighborhood Center	<span style="display:inline-block; width:15px; height:15px; border-top: 2px dashed black;"></span> Proposed Road
<span style="display:inline-block; width:15px; height:15px; background-color: #fff2cc; border:1px solid black;"></span> Single-Family Residential	<span style="display:inline-block; width:15px; height:15px; background-color: #a4e6ff; border:1px solid black; text-align: center;">✱</span> Public Facility/Civic Use
<span style="display:inline-block; width:15px; height:15px; background-color: #ffcc00; border:1px solid black;"></span> Medium-Density Residential	<span style="display:inline-block; width:15px; height:15px; background-color: #ff6666; border:1px solid black; text-align: center;">▲</span> Rosedale Elementary - Opened fall 2009
<span style="display:inline-block; width:15px; height:15px; background-color: #ff6600; border:1px solid black;"></span> High-Density Residential	<span style="display:inline-block; width:15px; height:15px; border-top: 3px solid blue;"></span> Urban Growth Boundary (UGB)





**Kennedy/Jenks Consultants**

Hagg Lane LLC

**Project Area - Butternut Creek  
Property (Hanauer Parcel)**

K/J 0792017.00

**Figure 1  
1776**



# **Housing Supply and Demand Analysis for West Washington County, Portland MSA, OR**

5/31/2011

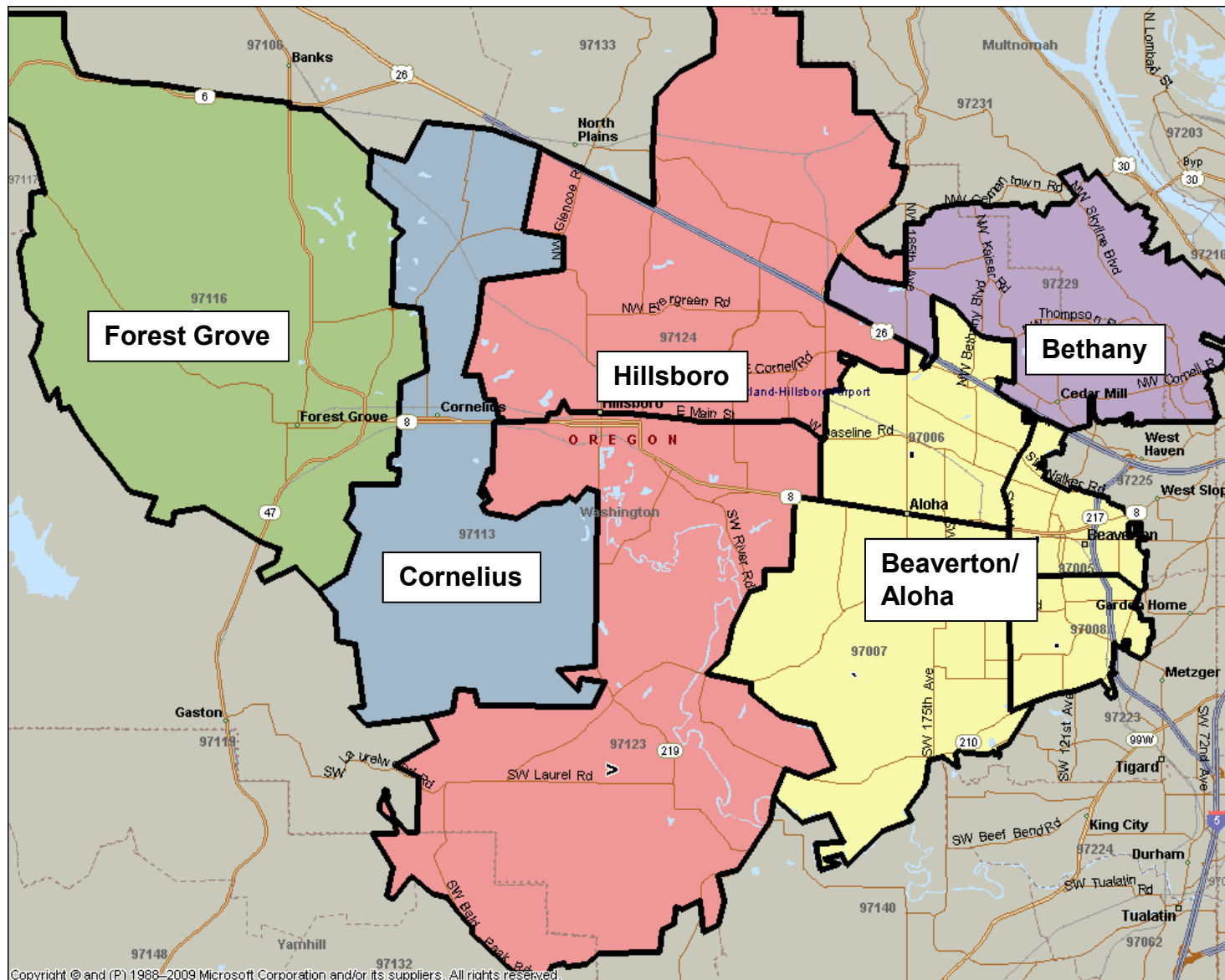
By

GU Krueger  
HousingEcon.com  
424.646.4663



## Exhibit 1, Tab 1

### Market Area of the Study: West Washington County, OR in Zip Codes



Sources: HousingEcon.com

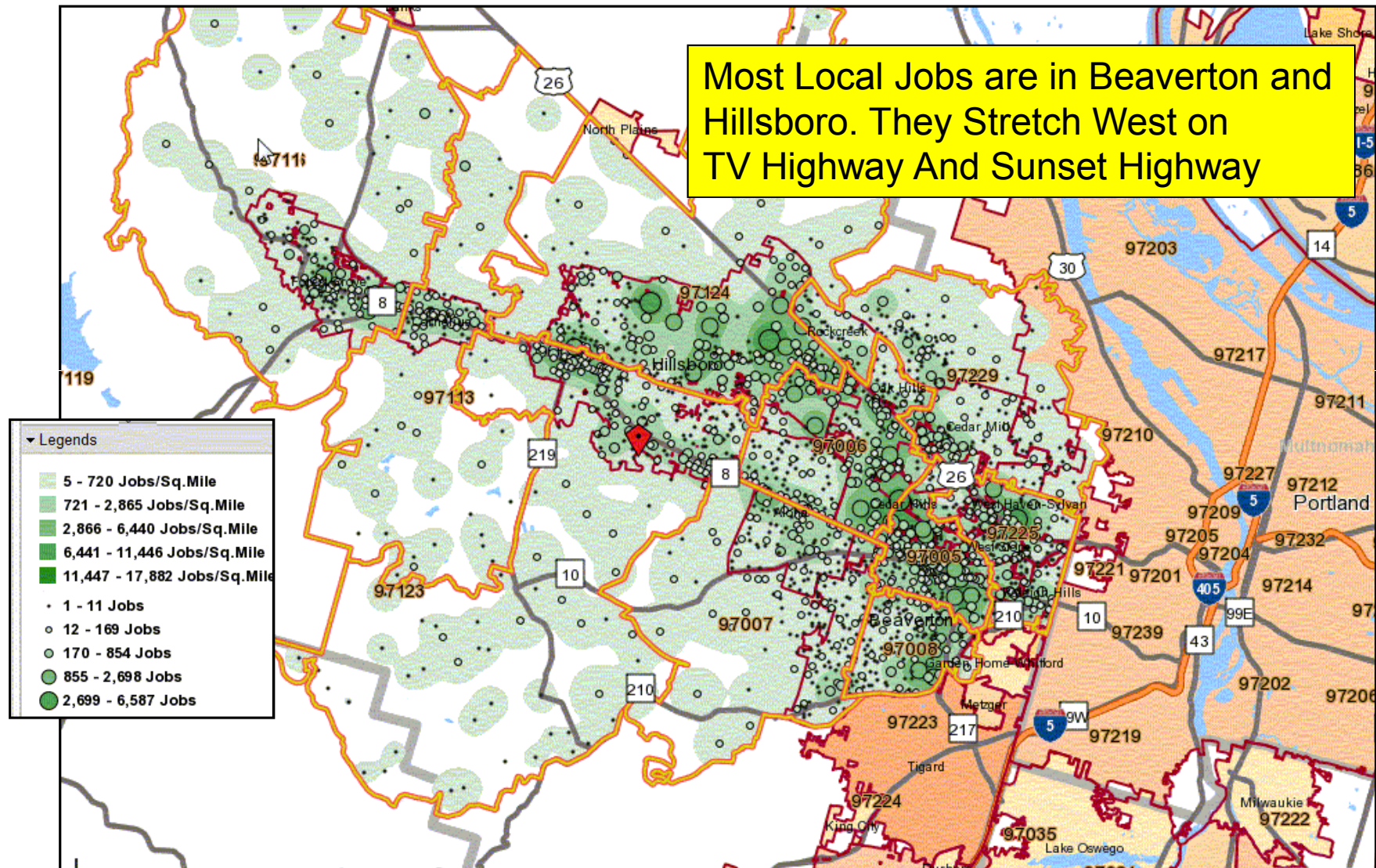
## Exhibit 2, Tab 1

Housing Supply and Demand Forecast for West Washington County, OR										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	3,873	2,421		150			1,265	625	199
	2013	2,809	1,756		150			-341	-981	-1,407
	2014	3,193	1,996					-2,337	-2,977	-3,403
	2015	3,254	2,034					-4,370	-5,010	-5,437
	2016	3,316	2,072					-6,443	-7,083	-7,509
	2017	3,379	2,112					-8,555	-9,195	-9,621
North Bethany	2018	3,443	2,152				5,000	-3,555	-4,195	-4,621
2011 to 2013 Average		2,866	1,791							

**Depending on the Pipeline Scenario,  
Housing Supply Will Be Completely  
Depleted by 2013.**

Sources: ACS, OnTheMap, Oregon Employment Department, NewHomeTrends, HousingEcon.com

# Where the Jobs in West Washington County Are



Sources: OnTheMap, HousingEcon.com



## Exhibit 4, Tab 2

Profile of Jobs Located in West Washington County, OR									
Total All Jobs									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Total All Jobs</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
	159,272	100.00%	168,057	170,160	166,116	160,624	153,149	154,142	155,371
Jobs by Worker Age									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Age</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Age 29 or younger	35,176	22.10%	41,547	43,200	42,022	40,893	39,354	40,169	42,421
Age 30 to 54	97,774	61.40%	100,217	101,731	100,531	98,376	93,978	95,056	95,071
Age 55 or older	26,322	16.50%	26,293	25,229	23,563	21,355	19,817	18,917	17,879
Jobs by NAICS Industry Sector									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Industries</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Agriculture	1,817	1.10%	2,299	2,337	2,131	2,257	2,404	2,369	2,239
Resource Extraction	172	0.10%	132	128	120	127	161	98	112
Utilities	515	0.30%	487	466	451	433	426	411	409
Construction	6,556	4.10%	7,019	7,338	7,136	6,494	6,195	5,744	5,958
Manufacturing	28,938	18.20%	31,903	33,458	34,047	32,606	29,892	31,704	33,852
Wholesale Trade	11,509	7.20%	10,335	10,207	11,021	10,624	10,554	10,166	9,840
Retail Trade	14,473	9.10%	17,828	17,813	17,091	16,859	16,328	16,371	16,664
Transportation and Warehousing	3,090	1.90%	2,683	2,657	2,624	2,644	2,451	2,463	2,280
Information	5,920	3.70%	6,879	6,700	5,532	5,450	5,287	5,995	6,210
Finance and Insurance	7,894	5.00%	5,386	5,631	5,659	4,956	4,581	5,785	5,967
Real Estate and Rental and Leasing	2,301	1.40%	2,352	2,641	2,701	2,634	2,596	2,469	2,395
Professional, Scientific, and Technical Services	8,696	5.50%	7,006	6,832	6,762	6,152	5,491	5,406	5,837
Management of Companies	4,216	2.60%	4,361	4,260	4,169	4,166	3,769	3,501	3,461
Temp Jobs	10,273	6.40%	12,278	13,822	13,673	13,829	13,590	10,867	11,625
Educational Services	13,366	8.40%	13,901	13,526	12,930	12,487	11,698	12,129	10,702
Health Care and Social Assistance	16,246	10.20%	18,504	17,864	17,213	16,240	15,717	15,444	14,588
Arts, Entertainment, and Recreation	3,389	2.10%	3,084	2,951	2,572	2,517	2,553	2,474	2,490
Accommodation and Food Services	9,942	6.20%	11,295	11,353	10,542	10,520	10,039	9,796	9,800
Other Services	5,060	3.20%	5,436	5,489	5,237	5,231	5,095	4,865	4,894
Public Administration	4,899	3.10%	4,889	4,687	4,505	4,398	4,322	6,085	6,048

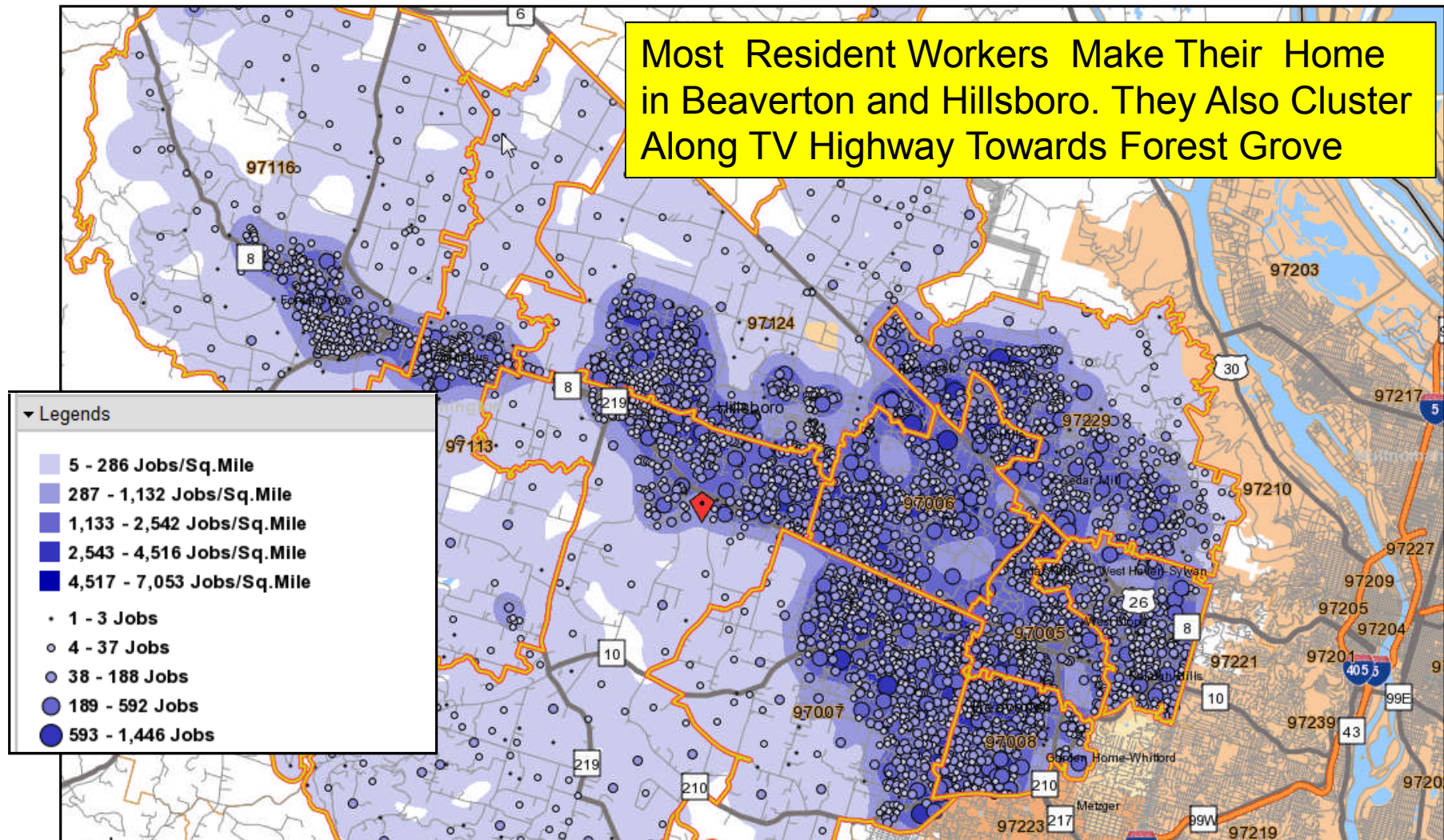
Over ¼ of the Local Jobs are in High-Tech Industries.

About 50% Work in Industries With Salaries of \$50,000 Plus.

Sources: OnTheMap, HousingEcon.com

## Exhibit 5, Tab 2

# Where Resident Workers Live in West Washington County, OR



Sources: OnTheMap, HousingEcon.com

## Exhibit 6, Tab 2

Profile of Resident Jobs in West Washington County, OR									
Total All Jobs									
	2009		2008	2007	2006	2005	2004	2003	2002
	Count	Share	Count	Count	Count	Count	Count	Count	Count
<b>Total All Jobs</b>	169,139	100.00%	176,154	172,931	176,160	176,191	167,830	168,198	169,614
Jobs by Worker Age									
	2009		2008	2007	2006	2005	2004	2003	2002
<b>Age</b>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Age 29 or younger	38,933	23.00%	45,381	45,221	46,376	46,518	43,674	43,991	45,541
Age 30 to 54	101,464	60.00%	102,132	100,555	103,885	104,686	101,165	102,567	103,656
Age 55 or older	28,742	17.00%	28,641	27,155	25,899	24,987	22,991	21,640	20,417
Jobs by NAICS Industry Sector									
	2009		2008	2007	2006	2005	2004	2003	2002
<b>Industries</b>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Agriculture	2,325	1.40%	2,957	3,075	2,747	2,944	3,034	2,822	2,724
Resource Extraction	118	0.10%	138	131	141	150	155	114	110
Utilities	671	0.40%	521	489	520	502	588	591	599
Construction	6,866	4.10%	8,810	9,111	9,141	8,226	7,714	7,417	7,934
Manufacturing	26,352	15.60%	27,691	28,617	29,525	29,006	26,826	28,317	29,832
Wholesale Trade	10,480	6.20%	10,059	9,741	10,596	10,419	10,261	10,072	10,163
Retail Trade	15,864	9.40%	17,581	17,611	17,830	18,304	17,379	17,346	17,358
Transportation and Warehousing	3,913	2.30%	4,354	4,310	4,279	4,638	4,279	4,114	4,192
Information	5,678	3.40%	5,614	5,371	5,182	5,081	4,940	5,532	5,748
Finance and Insurance	9,133	5.40%	7,640	7,608	7,868	7,688	7,732	8,428	8,199
Real Estate and Rental and Leasing	3,203	1.90%	2,913	3,018	3,156	3,319	3,275	3,162	3,025
Professional, Scientific, and Technical Services	10,179	6.00%	9,622	8,992	9,015	8,865	8,329	8,348	8,899
Management of Companies	4,749	2.80%	4,871	4,655	4,817	4,945	4,641	4,302	4,179
Temp Jobs	9,642	5.70%	11,782	12,226	12,800	12,906	12,553	11,141	11,274
Educational Services	15,502	9.20%	15,433	14,197	14,796	14,930	13,614	14,234	13,045
Health Care and Social Assistance	18,442	10.90%	18,483	17,150	17,213	17,095	16,739	16,472	16,202
Arts, Entertainment, and Recreation	3,123	1.80%	2,930	2,727	2,708	2,686	2,672	2,525	2,551
Accommodation and Food Services	11,816	7.00%	12,776	12,336	12,502	12,930	11,834	11,243	11,170
Other Services	5,820	3.40%	6,137	5,954	5,861	6,019	5,893	5,688	5,919
Public Administration	5,263	3.10%	5,842	5,612	5,463	5,538	5,372	6,330	6,491

¼ of the Resident Jobs are in High-Tech Industries.

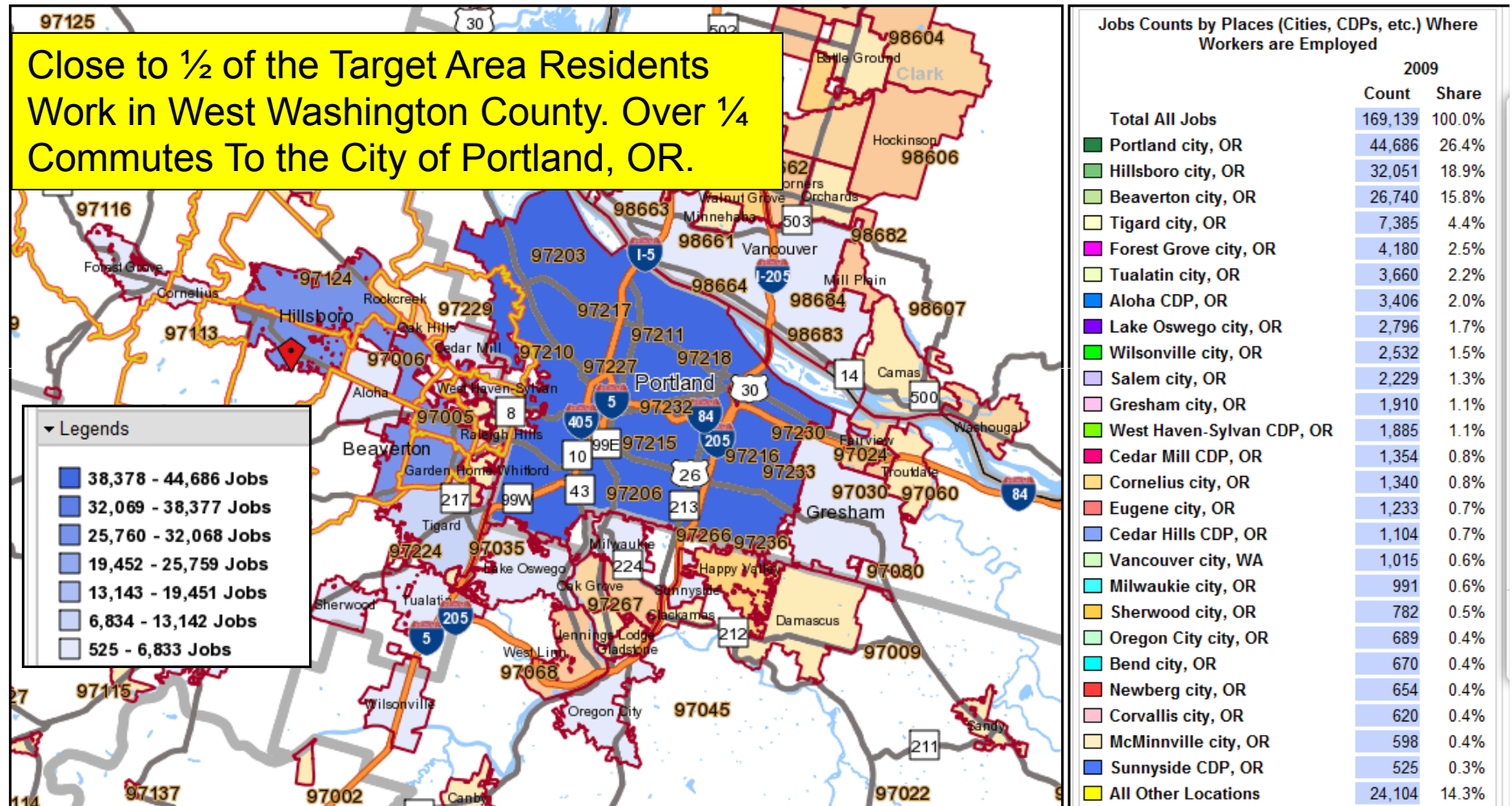
About 47% Residents Work in Industries With Salaries of \$50,000 Plus.

Sources: OnTheMap, HousingEcon.com



# Exhibit 7, Tab 2

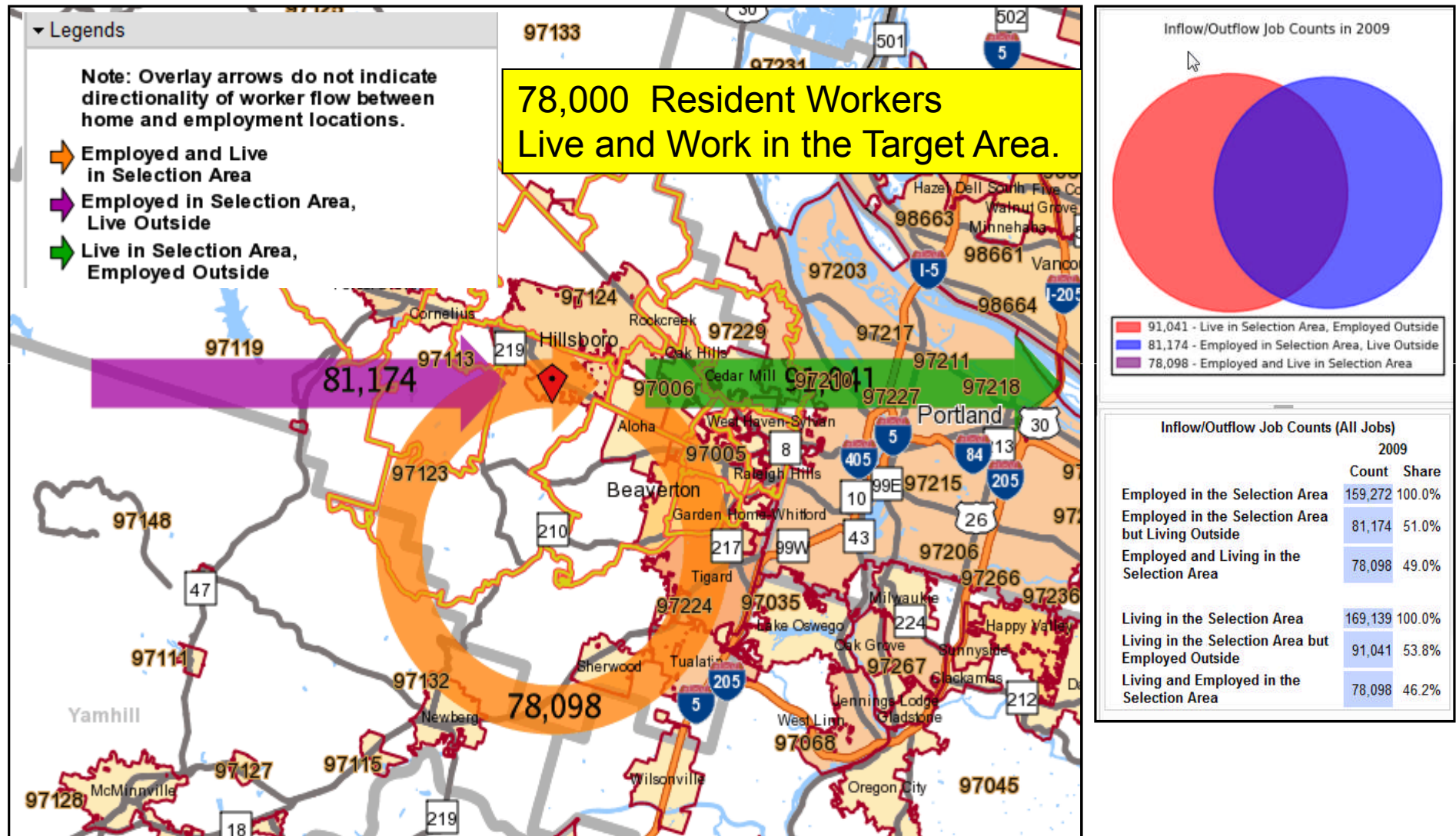
## Where Resident Workers in West Washington County Are Employed



Sources: OnTheMap, HousingEcon.com

## Exhibit 8, Tab 2

# In-and-Outflow of Workers in West Washington County, OR



Sources: OnTheMap, HousingEcon.com

# Economic Recovery in Washington County, OR

Year-to-Year Job and Percentage Changes

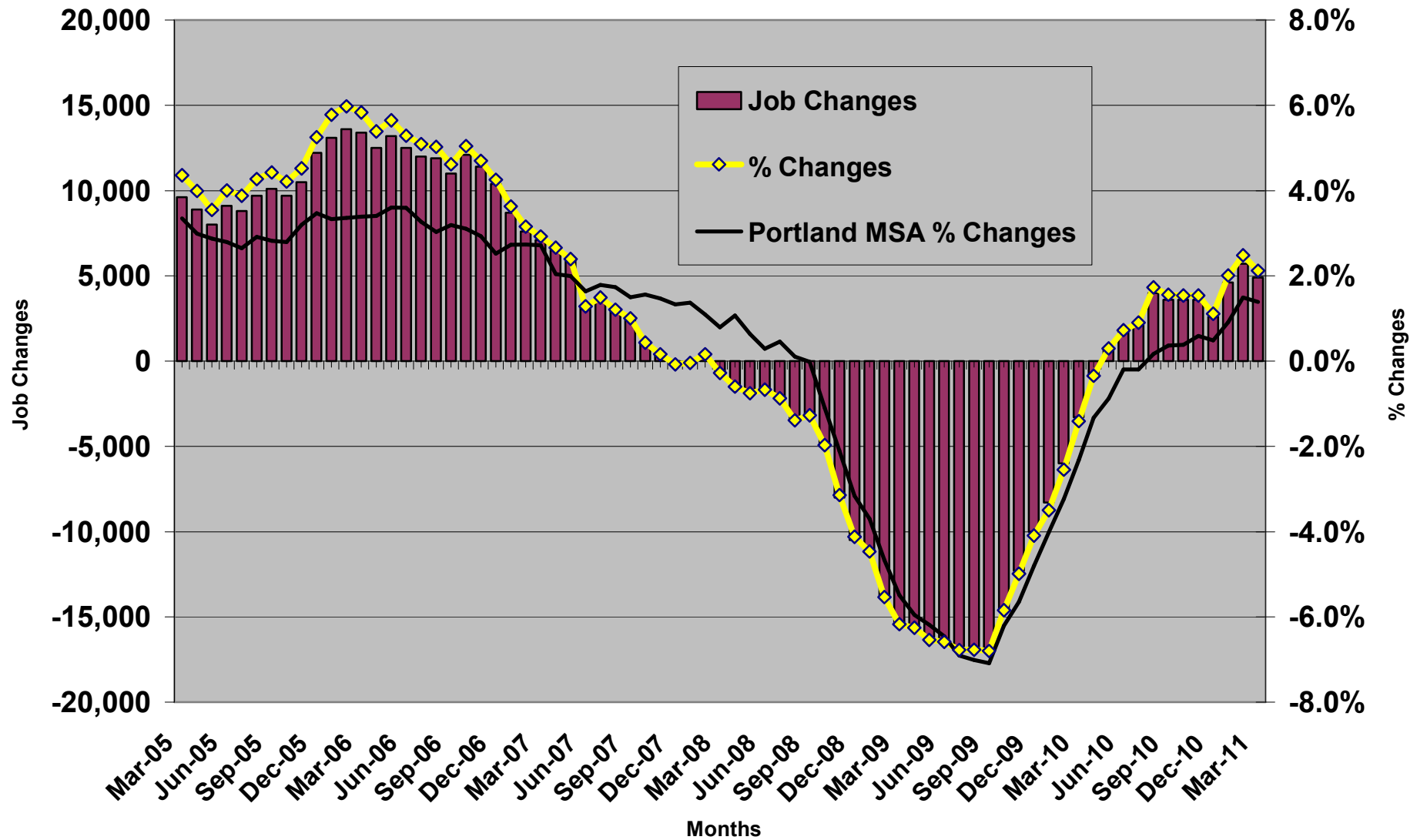


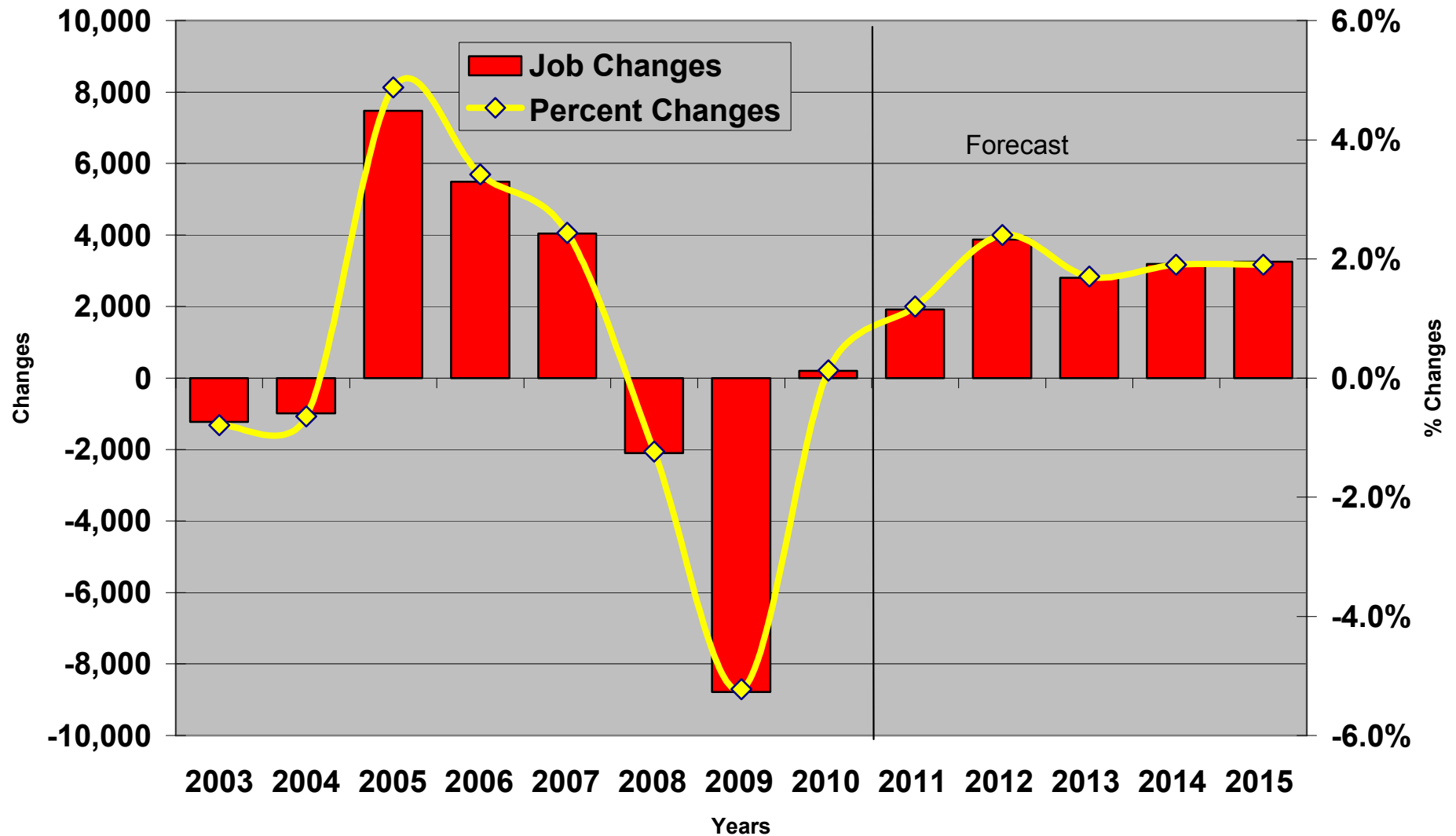


Exhibit 10, Tab 2

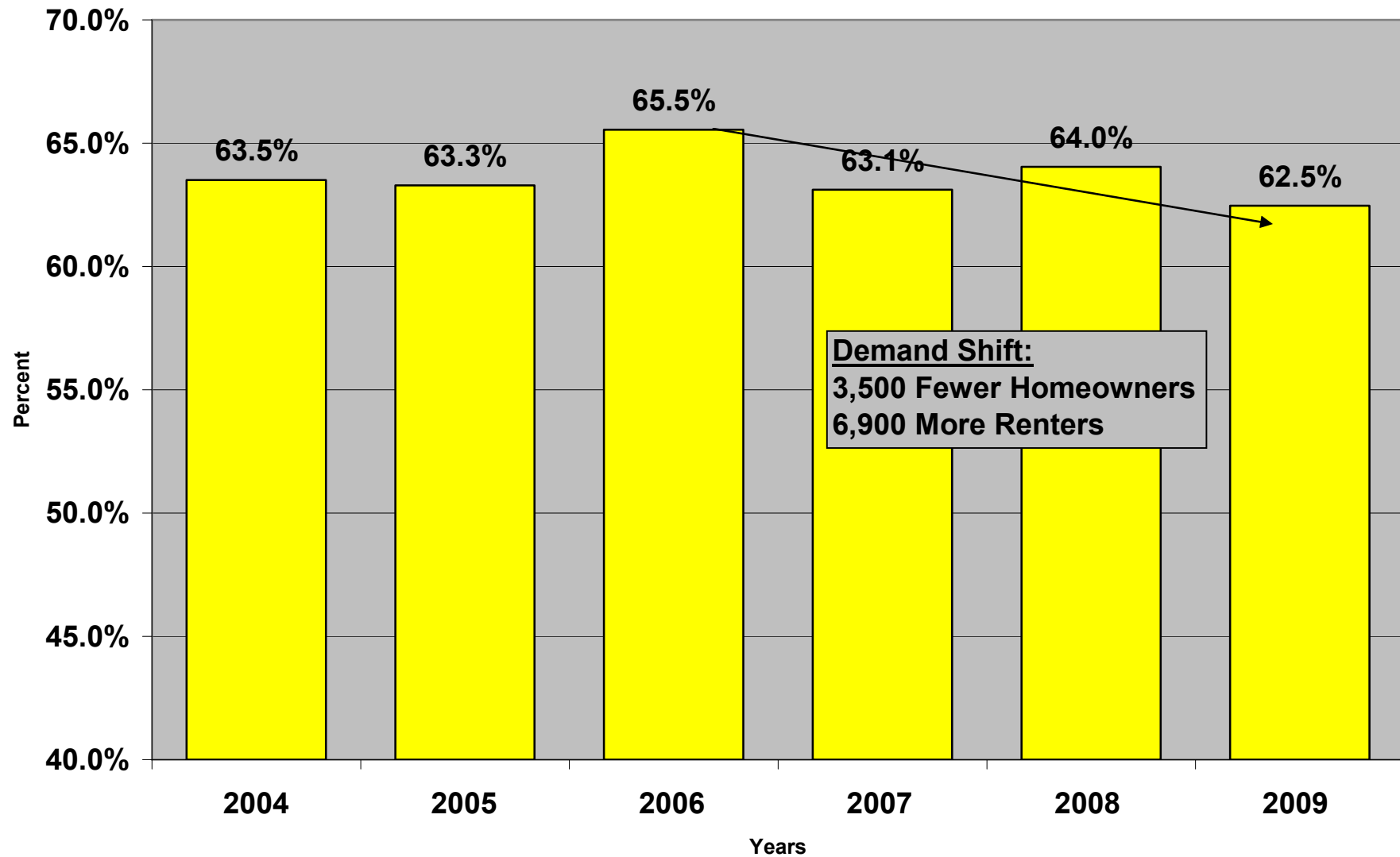
<b>"Export" - Driven Recovery in Washington County, OR Industry Job Trends (Year-to-Year Changes)</b>					
<b><u>Industries</u></b>	<b><u>March 2011</u></b>	<b><u>March 2010</u></b>	<b><u>Change year ago</u></b>	<b><u>% Change year ago</u></b>	<b><u>Job Growth Contribution</u></b>
<b>Total nonfarm employment</b>	<b>235,700</b>	<b>230,800</b>	<b>4,900</b>	<b>2.1%</b>	
Mining and logging	300	400	-100	-25.0%	-2.0%
Construction	10,300	9,800	500	5.1%	10.2%
<b>Manufacturing (MFG)</b>	<b>41,600</b>	<b>40,400</b>	<b>1,200</b>	<b>3.0%</b>	<b>24.5%</b>
Computer MFG.	25,400	24,700	700	2.8%	14.3%
Semiconductor MFG.	20,200	19,500	700	3.6%	14.3%
Wholesale	15,800	15,900	-100	-0.6%	-2.0%
<b>Retail</b>	<b>27,200</b>	<b>26,700</b>	<b>500</b>	<b>1.9%</b>	<b>10.2%</b>
TW&U*	3,100	3,200	-100	-3.1%	-2.0%
<b>Information</b>	<b>7,800</b>	<b>7,700</b>	<b>100</b>	<b>1.3%</b>	<b>2.0%</b>
Financial Activities	15,500	15,400	100	0.6%	2.0%
Professional Activities ex Temporary	16,700	16,600	100	0.6%	2.0%
Temporary Jobs	18,300	15,700	2,600	16.6%	53.1%
Educational and Health Services	29,600	29,500	100	0.3%	2.0%
Government	23,300	23,900	-600	-2.5%	-12.2%

\* TW&U: Transportation, Warehousing, and Utilities

## History and Forecast of Washington County Job Growth



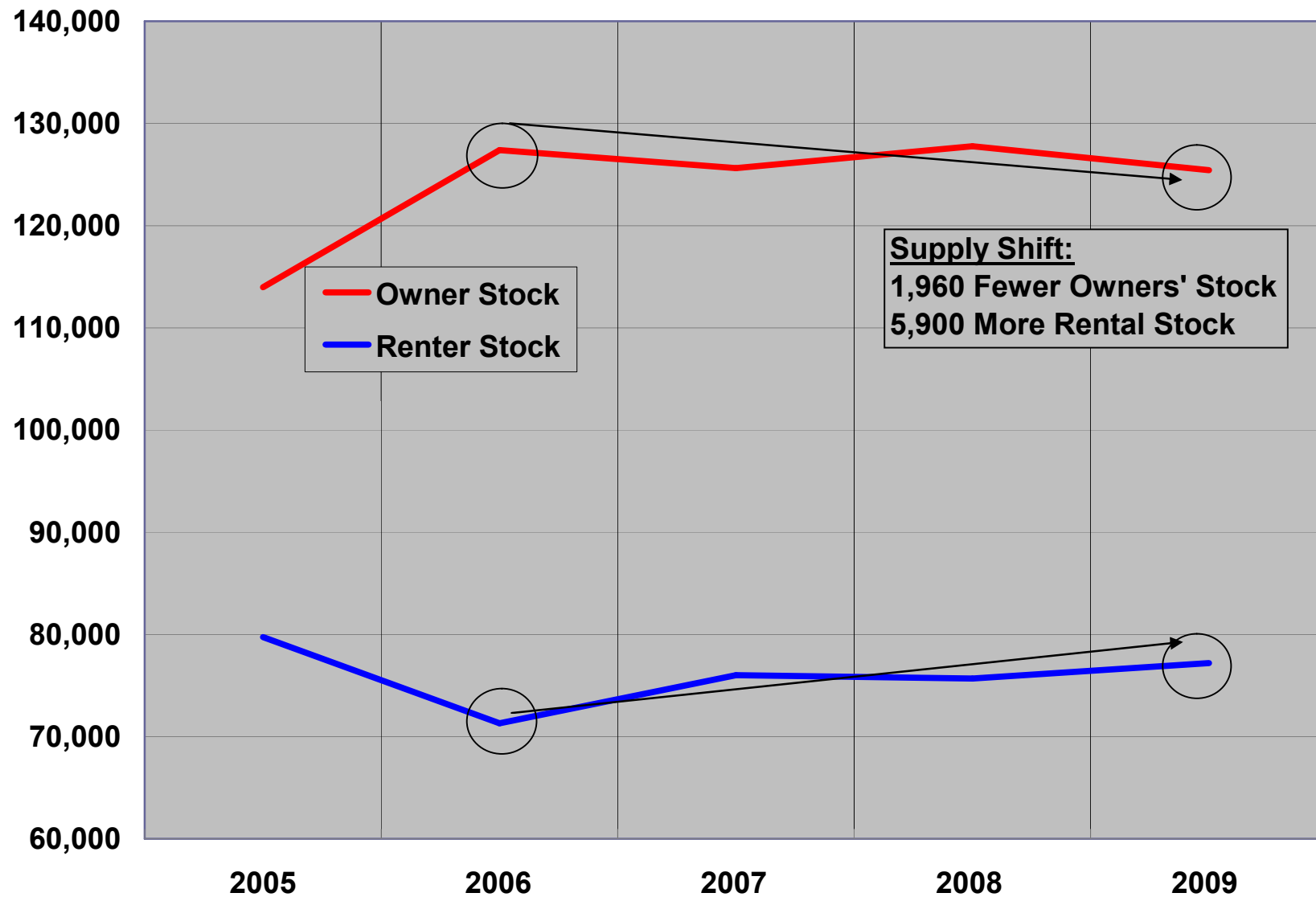
## Homeownership Rate in Washington County, OR



Sources: ACS, HousingEcon.com

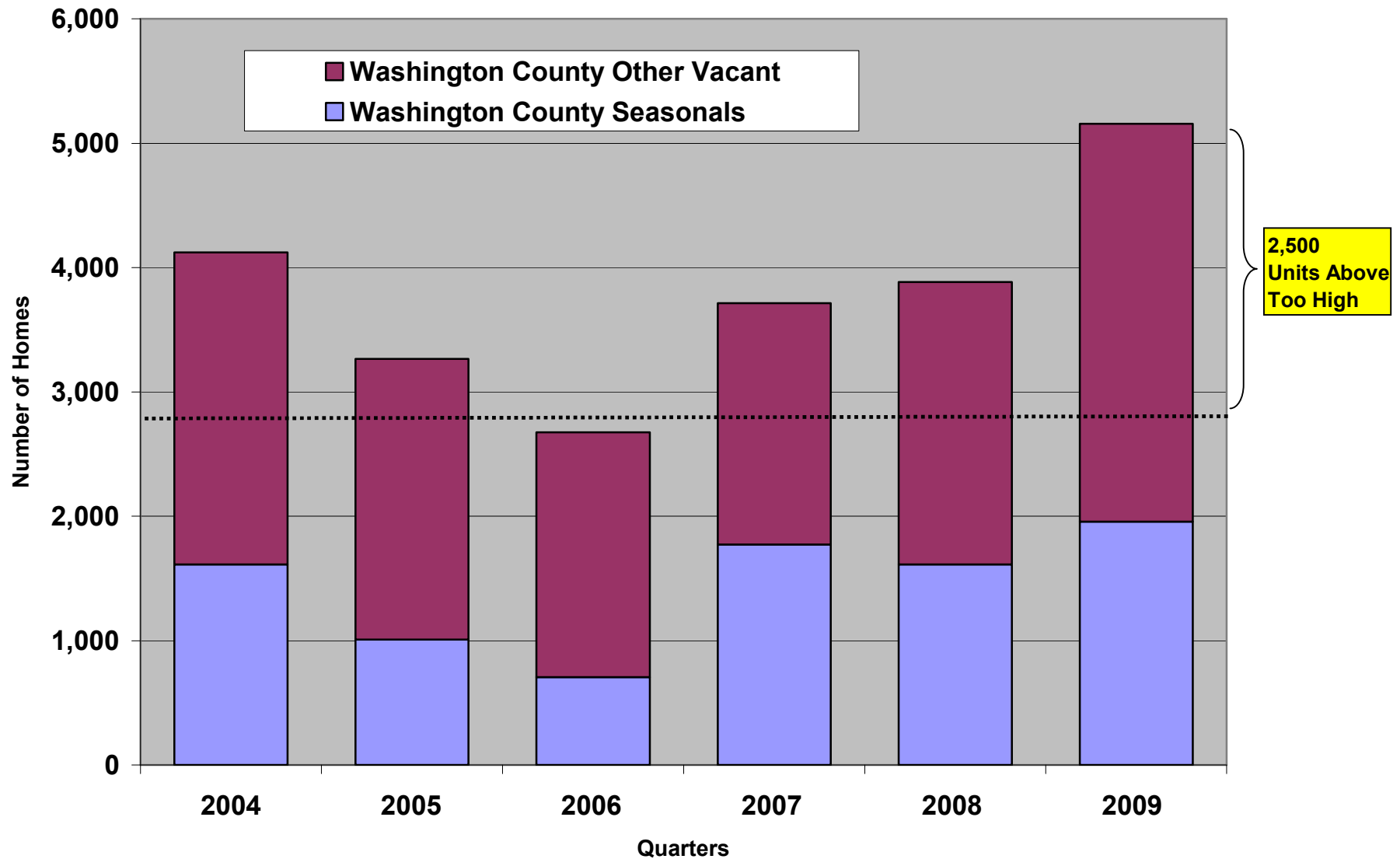


## Housing Stock in Washington County, OR



Sources: ACS, HousingEcon.com

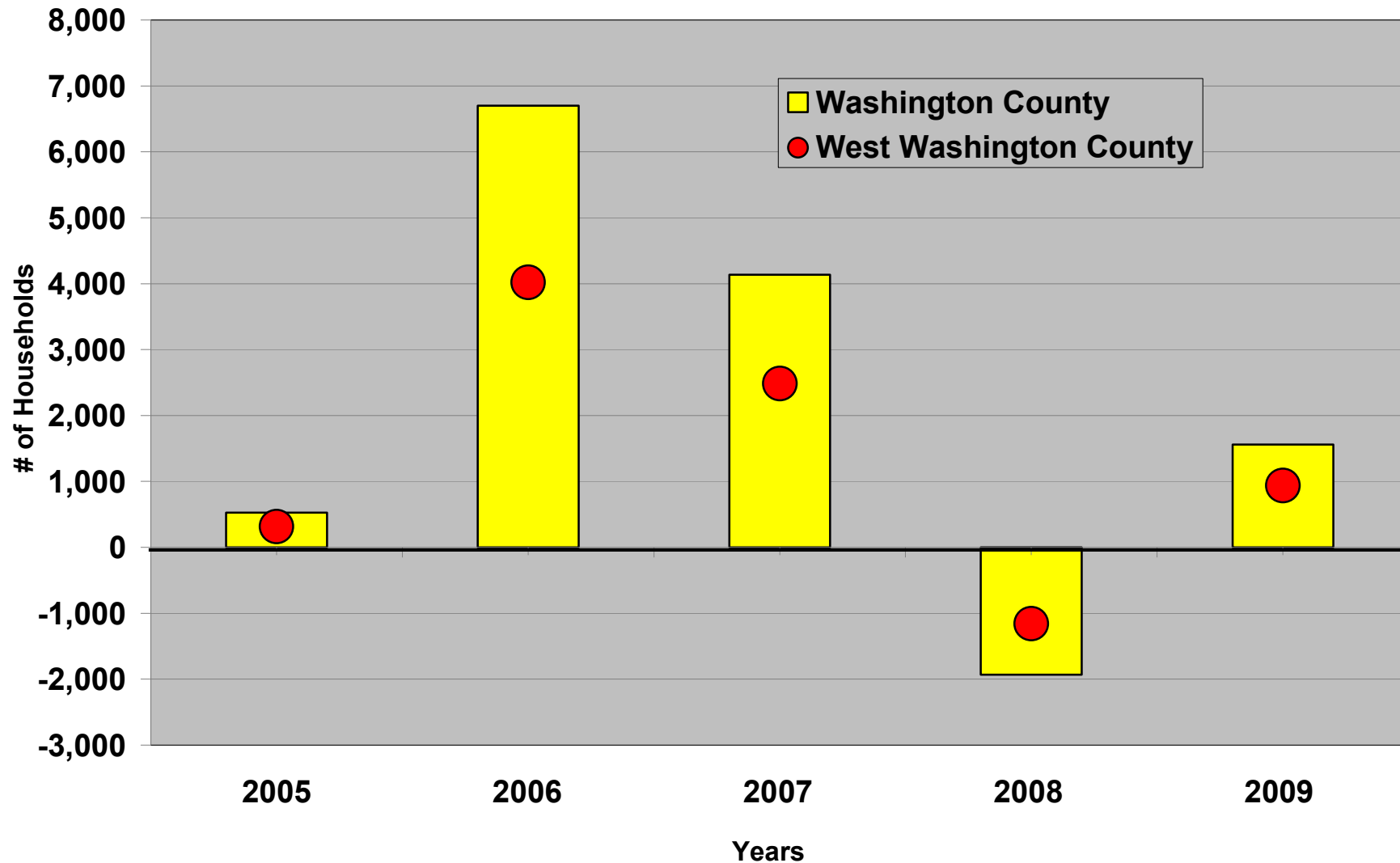
## The Wild Card: Sasonal and Other Vacant Homes



Sources: ACS, HousingEcon.com

Exhibit 15, Tab 3

## Household Formation in Washington County, OR and West Washington County

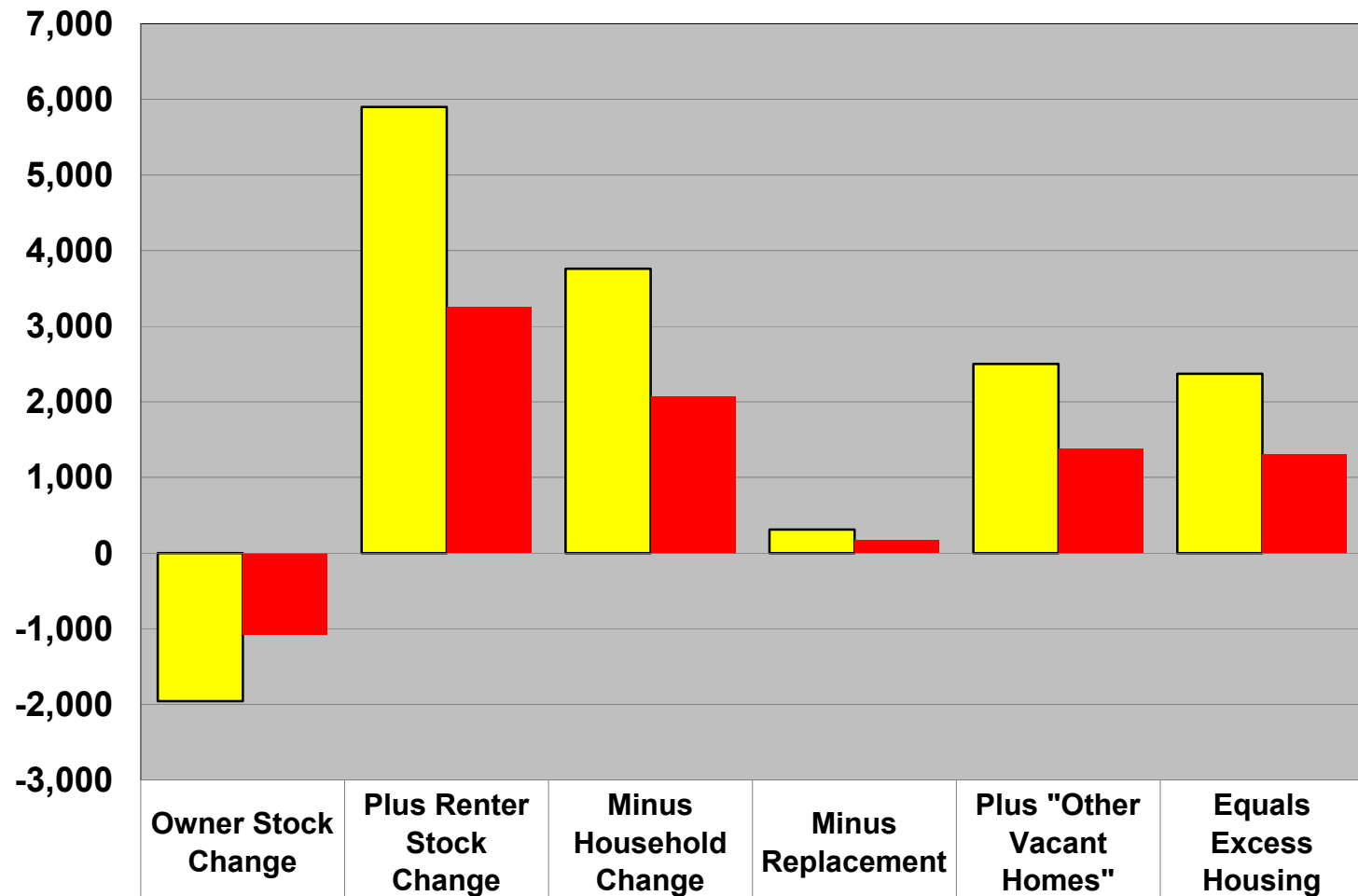


Sources: ACS, HousingEcon.com



# Exhibit 16, Tab 3

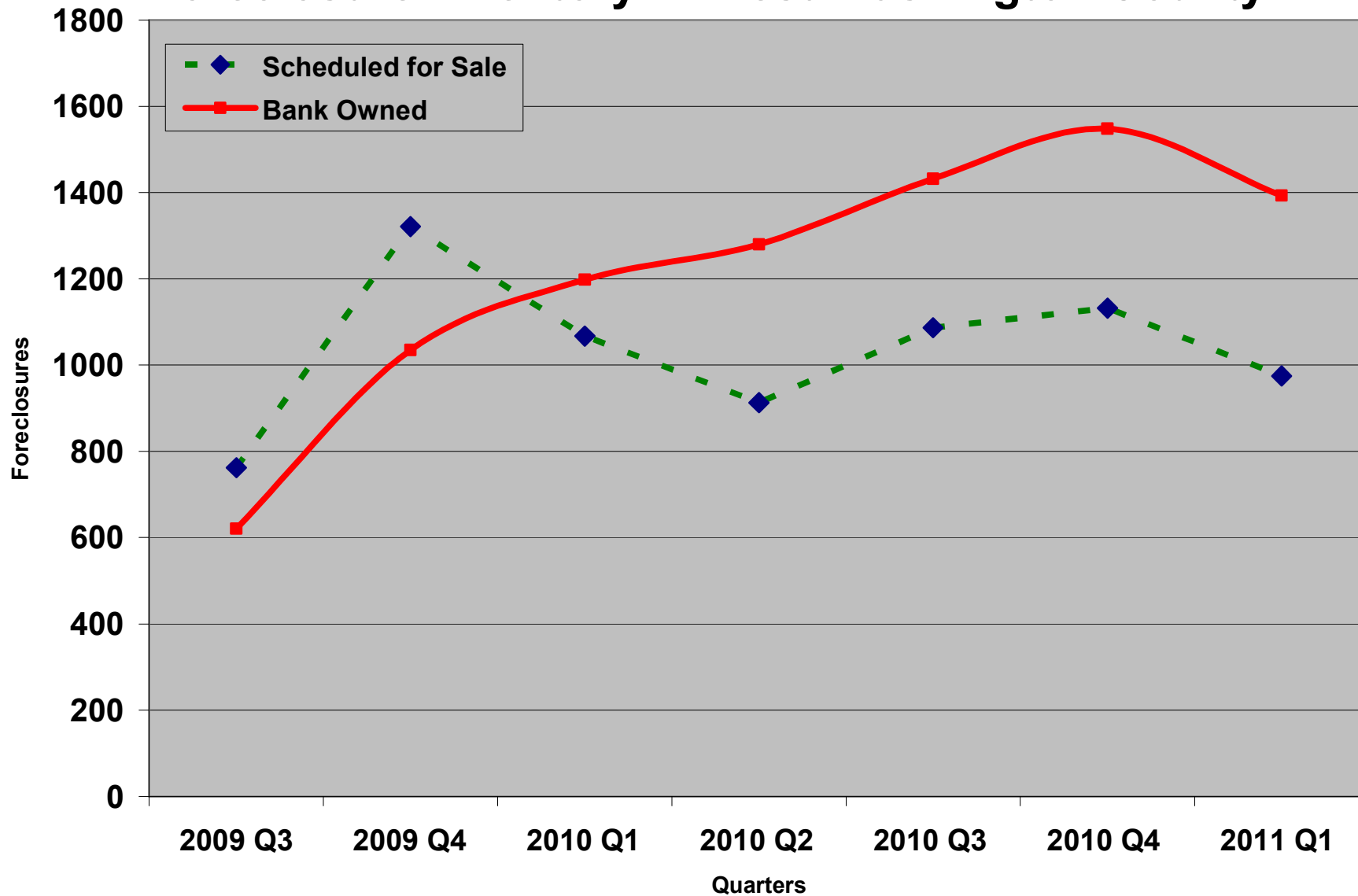
## Housing Asset Rotation In Washington County, OR and West Washington County 2006 to 2009



Washington County Rotation	-1,960	5,900	3,760	310	2,500	2,370
West Washington County	-1,080	3,250	2,070	170	1,380	1,310

Sources: ACS, HousingEcon.com

## Foreclosure Inventory in West Washington County



Sources: ACS, Foreclosure Radar, HousingEcon.com

Housing Supply and Demand Forecast for West Washington County, OR (Baseline)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	3,873	2,421		150			1,265	625	199
	2013	2,809	1,756		150			-341	-981	-1,407
	2014	3,193	1,996					-2,337	-2,977	-3,403
	2015	3,254	2,034					-4,370	-5,010	-5,437
	2016	3,316	2,072					-6,443	-7,083	-7,509
	2017	3,379	2,112					-8,555	-9,195	-9,621
2011 to 2013 Average		2,866	1,791							

1.6

Housing Supply and Demand Forecast for West Washington County, OR (1/2 Rate of Growth)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	1,937	1,210		150			2,476	1,836	1,409
	2013	1,388	868		150			1,758	1,118	691
	2014	1,565	978					780	140	-287
	2015	1,580	987					-207	-847	-1,274
	2016	1,595	997					-1,204	-1,844	-2,271
	2017	1,610	1,006					-2,210	-2,850	-3,277
2011 to 2016 Average		1,663	1,039							

Housing Supply and Demand Forecast for West Washington County, OR (No Growth Until 2013, Then 1.75%)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	0	0		150			3,686	3,046	2,619
	2013	0	0		150			3,836	3,196	2,769
	2014	2,824	1,765					2,071	1,431	1,004



	2015	2,874	1,796					275	-365	-792
	2016	2,924	1,828					-1,553	-2,193	-2,619
	2017	2,975	1,860					-3,412	-4,052	-4,479
2011 to 2016 Average		1,534	959							

# **Housing Supply and Demand Analysis for West Washington County, Portland MSA, OR**

5/31/2011

By

GU Krueger  
HousingEcon.com  
424.646.4663

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### **E. Appendices**

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- 2. North Bethany Concept Plan**



## A. Executive Summary

### Main Findings:

- An economic recovery is occurring in West Washington County, which is forecast to continue and accelerate. This will soon foster a housing shortage because the current housing overhang in its existing housing stock is not large and the pipeline of proposed new housing is limited.
- As employment opportunities for the residents who live in West Washington County improve, new housing demand will increase, which will not be met either by the current pipeline of new housing production or the leftover vacancies of the foreclosure crisis.
- As a result, strong home price and rental price increases will occur again beginning in 2014. Although this is an overall positive trend, there is a likelihood that housing affordability will be affected negatively if not enough new homes are built. The economic vibrancy of the area will require additional housing production in order to maintain and foster greater housing affordability for the future growth of its work force.

### Target Area:

- The target area for this study is a section of Washington County in the Portland Metropolitan Area in the State of Oregon, which consists of the Cities of Beaverton, Hillsboro, Cornelius, Forest Grove, and the unincorporated areas of Aloha and Bethany. In this document the area is identified as West Washington County.

### Purpose of the Study:

- The purpose of the study is to determine how long the current oversupply in the target area will continue to provide sufficient housing supply given anticipated demand.
- The study provides an estimate of the current housing oversupply in the target area which includes the impact of foreclosures on vacant housing stock.
- This number will be added to the number of currently selling new homes in subdivisions, and a pipeline of proposed developments.
- Then, it will be tested to determine if and when this total housing supply could be absorbed by expected new housing demand in West Washington County.
- The study will illustrate employment patterns, which impact housing needs.

### Detailed Findings of the Overhang Study:

- The total current and future housing supply in the target area is estimated to be 4,580 housing units, which includes ownership homes and multi-family rentals.

- The existing overhang of above normal vacancies in the local housing stock is 1,430 units. The supply of finished lots in currently selling subdivisions consists of 1,020 units. A total of 2,130 units make up the number of proposed projects.
- Demand for new housing is estimated to average about 1,790 units annually from 2011 through 2013. This will burn off total housing supply in West Washington County beginning in 2013, depending on various dropout scenarios for the pipeline units.
- The economy in West Washington County is on the mend. Since jobs hit bottom in January 2010, the target area has gained 6,700 nonfarm jobs or 3%. Job growth is driven primarily by high-tech industries.
- The job outlook is positive through 2013. Average annual job growth in Washington County of 1.8% will drive the growth of jobs for its residents, which will determine the forecast of expected new housing units.

## **B. Analysis**

West Washington County is often called “Silicon Forest”, not just because it is dominated by such high tech companies as Intel, Genentech, Tektronix, and Solar World but also because its offices and homes are set in attractive park-like settings. The target area consists of a western portion of the Portland MSA, OR and is made up of cities of Beaverton, Hillsboro, Cornelius, Forest Grove, and the unincorporated areas of Aloha and Bethany (see the Map in Exhibit 1, Tab 1). As its nickname indicates, West Washington County is a major expansion area for the high-tech industry in the Portland MSA.

For the longest time, housing in West Washington County was seen as under-supplied with new home developments constrained by urban growth boundaries. Lately, the housing malaise put a question mark on this notion. The concern is that the bursting of the bubble and the subsequent foreclosures crisis has actually created an oversupply situation in housing.

This study addresses the question of whether a housing overhang exists, if so how large is it, and how much time it would take to absorb it. To do this, it will estimate the oversupply in the existing housing stock, add current new subdivision supply, and finally tally proposed new housing in the approval process. In this context it will use an updated version of a pipeline study by NewHomeTrends (See Appendix). The total housing supply is then modeled to be absorbed by new housing demand, which is driven by the employment opportunities for existing and future resident workers in Washington County.

### **I. Summary of Findings**

The results of the housing supply and demand study for West Washington are shown in Exhibit 2, Tab 1. Depending on the pipeline scenario of new proposed housing projects the estimate of total housing supply ranges between 3,520 and 4,580 housing units. This supply, which includes an estimate of the existing overhang of 1,430 units by 2010, is

predicted to be burned off by a resumption of new housing demand growth within the next two or three years.

The demand side is driven by a forecast of resident worker growth in the area, which is expected to average 2,870 new residents annually in the years 2011 through 2013. That will create enough housing demand to quickly deplete not only the current vacant overhang of homes in the West Washington County area, but also the visible future supply of new homes. It would also absorb an additional moderate foreclosure feed into the vacant housing pool.

The next two sections will explain how the conclusions of this forecast were reached. On the demand side it focuses on localized information of the *OnTheMap* tool of the *US Census Bureau*. Since the inventory of current new home projects and a pipeline of future homes have already been done by another consultant, the study focuses on establishing the overhang in the existing housing stock. For this, it will use detailed housing vacancy information of the *American Community Survey (ACS)*.

## **II. The Demand Side**

In this study new housing demand is a function of new jobs, which drive household formation. What is presented below introduces an important delineation on the jobs front between “local area” and “resident” workers. Local area workers are people who are employed in local business, but can live elsewhere. Resident workers are people who live in a local area, but can commute also to other areas for work. Ultimately, it will be the jobs for new workers who live in the area (“resident” jobs), which represent new housing demand. The distinction is important, because it allows identifying overall commuting patterns in and out of West Washington County. The section below will show that a large proportion of resident workers are employed in local businesses but that many also commute to the City of Portland. This is important information, which will guide the forecasting exercise.

### **1. Lay of the Land: Local Area and Resident Workers**

Exhibit 3, Tab 2 shows where the jobs in West Washington County are located. Most local area jobs are in Beaverton and Hillsboro and some stretch west on TV Highway and Sunset Highway. Exhibit 4, Tab 2 depicts that there are 160,000 local area workers. About 25% of local area jobs are estimated to be in the high-tech sector, which includes semiconductor manufacturing, biotech, and internet services. Fifty percent of the local area workers are in industries in which jobs earn in excess of \$50,000 annually.

Exhibit 5, Tab 2, in contrast, shows where resident workers live in West Washington County. It exhibits a similar pattern as the regional distribution of local area jobs, but bunches more closely to the border with the City of Portland.

Exhibit 6, Tab 2 depicts that there are 170,000 resident workers who reside in the target area. Again, one fourth of the resident workers are employed in high-tech industries. Forty seven percent of them work in relatively high wage industries.



Exhibit 7, Tab 2 shows where resident workers are employed. Nearly half work locally. A significant proportion commutes to the City of Portland, which explains why West Washington County residents live so close to the Portland border.

Exhibit 8, Tab 2 depicts the in-and-outflow of workers in West Washington County. Almost 80,000 live and work locally, 81,000 work in the area but commute from other areas, and 91,000 live in the target area but commute elsewhere.

What was learned from this dissection of the local labor pool and the resident workers in West Washington County patterns? It confirms that this area is high-tech, has a sizable local area job and resident worker pool, and that it is well integrated with the labor markets in the City of Portland. The findings justify using a blended job growth forecast for West Washington County and the Portland MSA to forecast its resident worker pool, which serves as the basis for a forecast of local housing demand. It also raises the question, if there was more diverse housing available in West Washington County would a greater percentage of the local area workers eventually choose to work and live in West Washington County as do their resident worker cohorts thereby reducing traffic in and out of the area.

## **2. The Style of the Economic Recovery**

The unemployment rate in Washington County, OR was 7.9% in April 2011. This represents a dramatic improvement over the peak rate of 10.0% in March last year. The local job market has been on the mend since May 2010, when annual growth first occurred. Exhibit 9, Tab 2, which depicts year-over-year changes and percentage changes, shows that the economic recovery is accelerating in the area. Furthermore, it highlights that Washington County is actually outpacing the Portland MSA.

Exhibit 10, Tab 2 shows that high-tech manufacturing, the largest industry in Washington County, is leading the way. Information and professional services are also growing. Temporary jobs, a leading indicator of labor markets, are booming. Government jobs are declining and represent a drag in the local labor market. The general pattern is that export oriented activities to the rest of the US and the world are driving the local economy.

The local industry growth ties in nicely with the style of the US economic recovery that has been observed so far. Nationally, it consists of strong domestic investment demand for equipment and software, and growing exports of goods and services to the Pacific Rim, South America, and Europe. This style of the economic recovery is likely to continue during the next two to five years and is being nurtured by an accommodative monetary policy, which essentially keeps the value of the Dollar low to boost the Nation's exports.

The recent acceleration in local job markets, therefore, looks sustainable. This should drive the outlook for job growth in Washington County and the Portland MSA during the next five years. The next section presents this forecast.

### 3. Job Forecast for Washington County, OR

Exhibit 11, Tab 2 shows the history and forecast of Washington County job growth. In 2011 job growth in Washington County will be 1.2% and then accelerate to 2% in 2012. Job growth will slow in 2013 as the Fed tightens its monetary policy. In 2014 and 2015 jobs will grow modestly, just slightly faster than in 2013. A recession is not forecasted to occur within the forecasting horizon.

This forecast of nonfarm jobs in Washington County is blended with a slightly lower forecast for the Portland MSA and is super-imposed on the pool of resident workers in the target area. Assuming that every household is associated with 1.6 jobs, this forecast of resident workers will generate the demand forecast for new housing in West Washington County. The new housing demand in West Washington County from 2011 through 2013 is projected to average 1,790 units per year (See also Exhibit 2, Tab 1, and Column 4).

### 4. Structural Shift in Housing Demand

As the Washington County economy suffered a severe recession between 2007 and 2009, foreclosures rose and the homeownership rate dropped sharply from 65.5% in 2006 to 62.5% in 2009, according to data from the *American Community Survey* (ACS). Over this period the number of homeowners declined by 3,500 households. However, these homeowners did not necessarily leave the area. According to the US Census Bureau, net domestic migration in 2009 was still a positive 3,000 people in Washington County. A large proportion of the households suffering from foreclosures had just started to rent, and the number of renters increased, therefore, by 6,900 households (Exhibit 12, Tab 2).

The decline in homeowners does not match the increase in renters, because builders continued to build new housing units, many of which had to be converted to rentals in the end. What occurred in essence was a massive shift from owner to rental demand, which did little to reduce the need for housing in general in the area. Also, with the economy recovering now that demand shift may have run its course. The 2009 homeownership rate is likely to be close to the bottom, since it is arguably already below the pre-bubble homeownership rate of 63.5% registered in 2004. The Washington County homeownership rate is, therefore, expected to bottom out at 61.8 % by 2011 (see also Exhibit 2 Tab 1, Column 5).

## III. The Supply Side

In the context of the massive demand shift, the talk about foreclosure shadow supply confuses the issue somewhat, because it tends to give the impression that it is new housing supply. In reality, the demand shift was met by a shift in the supply of housing stock in Washington County as many foreclosed homes turned into rental housing stock.

## 1. Rotation in the Local Housing Stock

This asset rotation of the local housing stock in Washington County can be seen in Exhibit 13, Tab 3. Since 2006, the onset of the burst of the housing bubble, the owner stock in Washington County declined almost 2,000 units by 2009, while the rental stock increased by 5,900 units during the same time period. What rotated on the demand side also rotated on the supply side -- but less so. The decline in owner supply was not as large as the decline in owner demand. As a result, homeowner vacancy rates increased from 0.9% in 2006 to a 3.0% in 2009.

However, the increase in the rental supply numbers did not match the increase in the demand shift for rentals between 2006 and 2009. Consequently, the rental vacancy rate declined from 5.4% in 2006 to 4.1% in 2009. In other words, there was a likely oversupply in ownership homes and an undersupply in rental homes in Washington County by 2009. The net effect is a moderate housing overhang.

The calculation of the overall housing overhang in Washington County is complicated by a sharp increase in seasonal and “other vacant homes” from 2006 to 2009, according to the *American Community Survey* (See Exhibit 14, Tab 3). The survey asks questions regarding housing vacancies, which not only includes homeowner and rental vacancies, but also seasonal vacancies and a category called “other vacant homes. The “other vacant homes” is essentially a default category, where the ACS survey questions did not get a straight answer if a vacant home was “for rent” or “for sale”. It is likely that many of these “other vacant homes” are vacant foreclosed homes sitting on the books of banks. Eventually, they will turn into a “for sale” or “for rent” vacancy. Even some of the seasonal vacancies may turn into owner or rental vacancies. We estimate, therefore, that about 2,500 seasonal and other vacant homes represented excess supply in 2009, which is higher than the normal vacancies of these home categories.

To assess the true extent of the housing overhang, it is necessary to include household formation in the equation. Exhibit 15, Tab 3 shows that household growth peaked at 6,700 new households in 2006. Once the housing bubble burst, household growth dropped sharply, declined in 2008, and then turned mildly positive in 2009, probably because of the mentioned net domestic migration that year.

## 2. The Size of the Current Housing Overhang

It is now possible to calculate the housing overhang in Washington County via a simple accounting procedure, which is based on the net effect of the supply rotation, the estimated “other” and seasonal vacancies, and the growth in households. This accounting is based on changes between 2006 and 2009. Since West Washington County represents 55% of the County’s housing stock, its housing overhang can be also estimated.

Exhibit 16, Tab 3 depicts this calculation. It shows that in West Washington County the owner stock declined 1,080 units. To this the increase of 5,900 renter stock is added. Then the household change of 3,760 and a small replacement demand for obsolescence is deducted. Finally, seasonal and “other vacant homes” are added. The result is a housing



overhang of 1,300 units in 2009. Since the most recent ACS data is only available for 2009, an estimate for 2010 was made, which upped the housing overhang number to 1,430 units.

### **3. Foreclosure Inventory**

Exhibit 17, Tab 3 provides a reality check of the overhang calculation. It depicts recent trends in the cumulative stock of bank owned foreclosures, and the cumulative stock of foreclosures scheduled for sale for West Washington County. It is noteworthy that the estimated ACS overhang for 2009 virtually matches the bank owned stock numbers in 2009.

However, banks tend to manage their inventory and recycle their holding of foreclosures in the resale markets, mainly to investors and regular home buyers. This tends to keep foreclosed home from staying vacant for too long. Also, the stock of homes scheduled for foreclosure sales tend to be either modified, or reduced by short sales, which also keeps these homes out of the pool of vacancies.

In view of this interpretation of the foreclosure stock information, the estimated overhang, which is based on the asset rotation of the local housing stock, looks very reasonable.

## **C. Summation**

The expected economic recovery in West Washington County could soon foster a housing shortage. The housing overhang in the existing housing stock is not that large and the pipeline of proposed new housing looks constrained. As employment opportunities for the residents who live in West Washington County improve, demand for new housing will increase, which will not be met either by the current pipeline of new housing production or the leftover vacancies of the foreclosure crisis.

The consequences of this coming housing shortfall are apparent and familiar, since they occurred before and prior to 2006, when there were repeated waves of strong home price appreciation. Strong home price and rental price increases would also occur in the not too distant future as a result of the predicted housing shortage. The economic vibrancy of the area will either be enhanced or restrained based on the future level of housing production. Furthermore, in order to foster greater housing affordability additional housing production will be required.

## **D. Exhibits**

## **E. Appendix**

# Housing Supply and Demand Analysis for West Washington County, Portland MSA, OR

5/31/2011

GU Krueger  
HousingEcon.com

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4. Structural Shift in Housing Demand

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1. Rotation in the Local Housing Stock
2. The Size of the Current Housing Overhang
3. Foreclosure Inventory



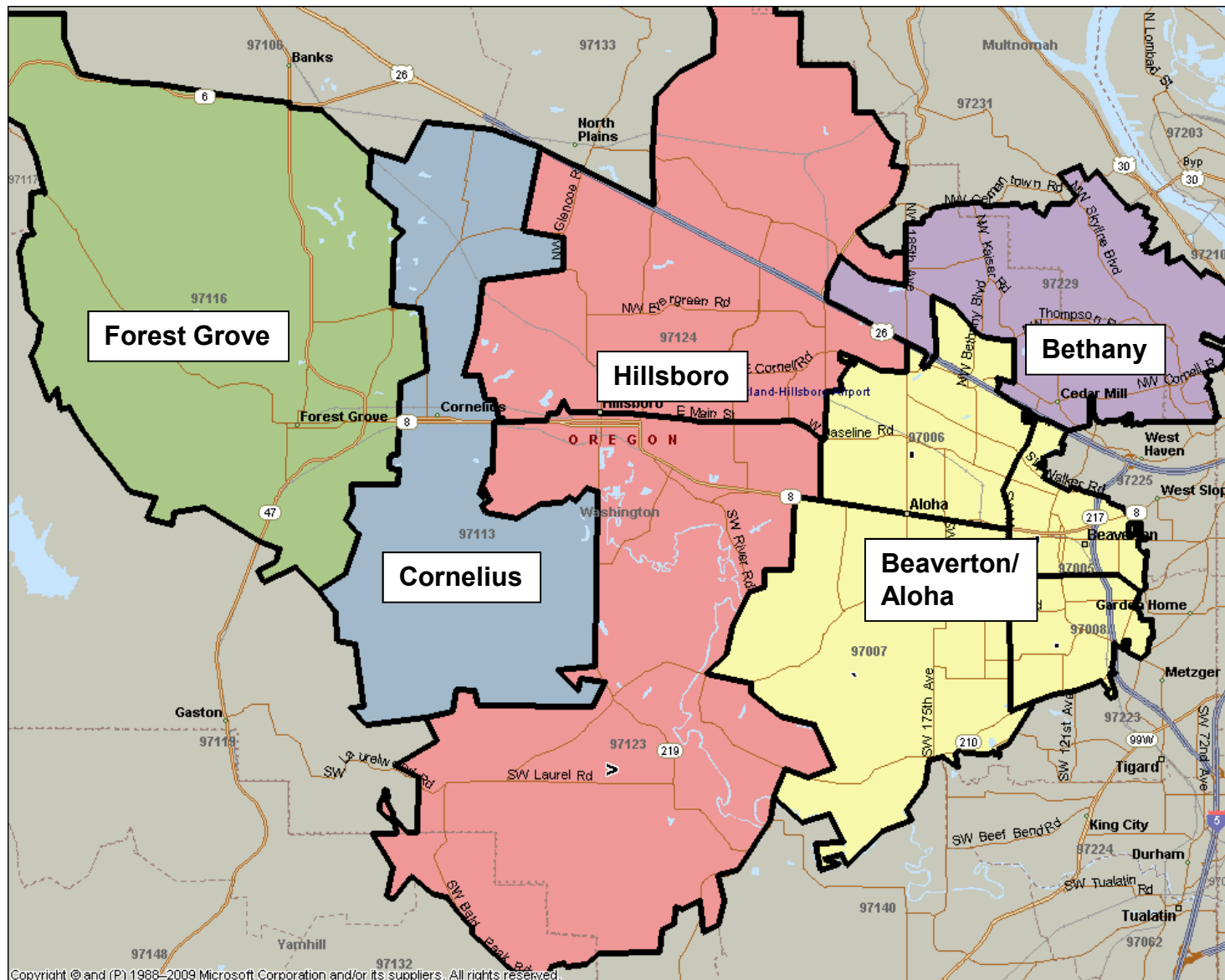
# I. Summary of Findings

# Findings of The Supply and Demand Model

- The demand side is driven by job formation and how it impacts household formation
- The supply side is based on current excess supply in the area's housing stock and
- ...various pipeline assumptions
- The results show the potential for a serious housing shortage beginning in 2013
- This could be an economic development hindrance, push up home prices, and create affordability problems

## Exhibit 1, Tab 1

### Market Area of the Study: West Washington County, OR in Zip Codes



Sources: HousingEcon.com



## Exhibit 2, Tab 1

Housing Supply and Demand Forecast for West Washington County, OR										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	3,873	2,421		150			1,265	625	199
	2013	2,809	1,756		150			-341	-981	-1,407
	2014	3,193	1,996					-2,337	-2,977	-3,403
	2015	3,254	2,034					-4,370	-5,010	-5,437
	2016	3,316	2,072					-6,443	-7,083	-7,509
	2017	3,379	2,112					-8,555	-9,195	-9,621
North Bethany	2018	3,443	2,152				5,000	-3,555	-4,195	-4,621
2011 to 2013 Average		2,866	1,791							

**Depending on the Pipeline Scenario, Housing Supply Will Be Completely Depleted by 2013.**

Sources: ACS, OnTheMap, Oregon Employment Department, NewHomeTrends, HousingEcon.com

## II. The Demand Side

1. Lay of the Land: Local Area Workers and Resident Workers
2. The Style of the Economic Recovery
3. Job Forecast for Washington County
4. Structural Shift in Housing Demand

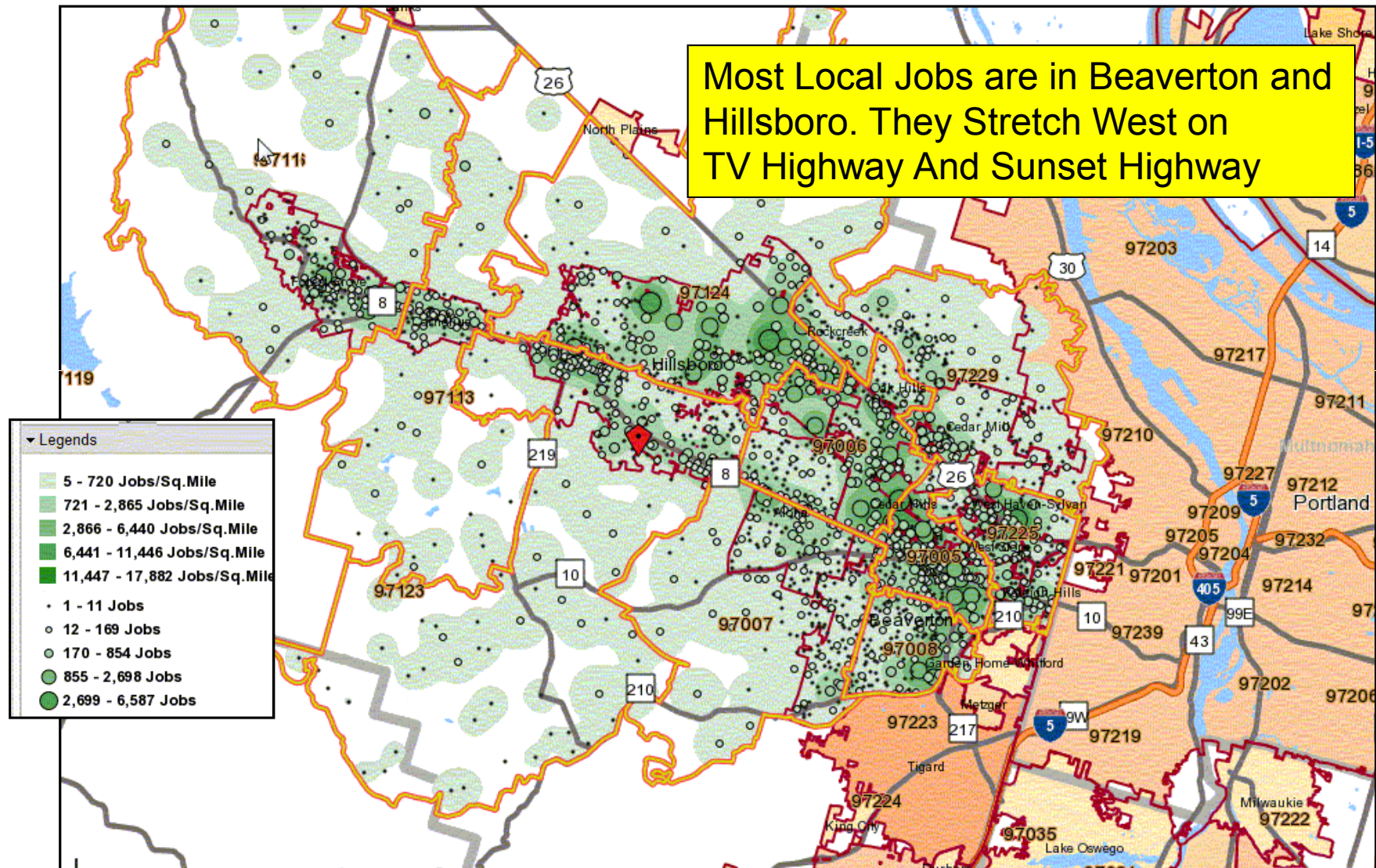
# Key Findings on the Demand Side

- The demand side is driven by job formation for “resident” workers in West Washington County, OR
- The future job formation for resident workers is based on a moderate expected economic recovery in the Portland MSA and Washington County, OR
- The new resident workers in the West Washington County, OR are the source of new housing demand in the study area
- The bursting of the housing bubble has shifted demand to rental units



# 1. Lay of the Land: Local Area Workers and Resident Workers

# Where the Jobs in West Washington County Are



Sources: OnTheMap, HousingEcon.com

## Exhibit 4, Tab 2

Profile of Jobs Located in West Washington County, OR									
Total All Jobs									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Total All Jobs</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
	159,272	100.00%	168,057	170,160	166,116	160,624	153,149	154,142	155,371
Jobs by Worker Age									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Age</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Age 29 or younger	35,176	22.10%	41,547	43,200	42,022	40,893	39,354	40,169	42,421
Age 30 to 54	97,774	61.40%	100,217	101,731	100,531	98,376	93,978	95,056	95,071
Age 55 or older	26,322	16.50%	26,293	25,229	23,563	21,355	19,817	18,917	17,879
Jobs by NAICS Industry Sector									
	2009		2008	2007	2006	2005	2004	2003	2002
<u>Industries</u>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Agriculture	1,817	1.10%	2,299	2,337	2,131	2,257	2,404	2,369	2,239
Resource Extraction	172	0.10%	132	128	120	127	161	98	112
Utilities	515	0.30%	487	466	451	433	426	411	409
Construction	6,556	4.10%	7,019	7,338	7,136	6,494	6,195	5,744	5,958
Manufacturing	28,938	18.20%	31,903	33,458	34,047	32,606	29,892	31,704	33,852
Wholesale Trade	11,509	7.20%	10,335	10,207	11,021	10,624	10,554	10,166	9,840
Retail Trade	14,473	9.10%	17,828	17,813	17,091	16,859	16,328	16,371	16,664
Transportation and Warehousing	3,090	1.90%	2,683	2,657	2,624	2,644	2,451	2,463	2,280
Information	5,920	3.70%	6,879	6,700	5,532	5,450	5,287	5,995	6,210
Finance and Insurance	7,894	5.00%	5,386	5,631	5,659	4,956	4,581	5,785	5,967
Real Estate and Rental and Leasing	2,301	1.40%	2,352	2,641	2,701	2,634	2,596	2,469	2,395
Professional, Scientific, and Technical Services	8,696	5.50%	7,006	6,832	6,762	6,152	5,491	5,406	5,837
Management of Companies	4,216	2.60%	4,361	4,260	4,169	4,166	3,769	3,501	3,461
Temp Jobs	10,273	6.40%	12,278	13,822	13,673	13,829	13,590	10,867	11,625
Educational Services	13,366	8.40%	13,901	13,526	12,930	12,487	11,698	12,129	10,702
Health Care and Social Assistance	16,246	10.20%	18,504	17,864	17,213	16,240	15,717	15,444	14,588
Arts, Entertainment, and Recreation	3,389	2.10%	3,084	2,951	2,572	2,517	2,553	2,474	2,490
Accommodation and Food Services	9,942	6.20%	11,295	11,353	10,542	10,520	10,039	9,796	9,800
Other Services	5,060	3.20%	5,436	5,489	5,237	5,231	5,095	4,865	4,894
Public Administration	4,899	3.10%	4,889	4,687	4,505	4,398	4,322	6,085	6,048

Over ¼ of the Local Jobs are in High-Tech Industries.

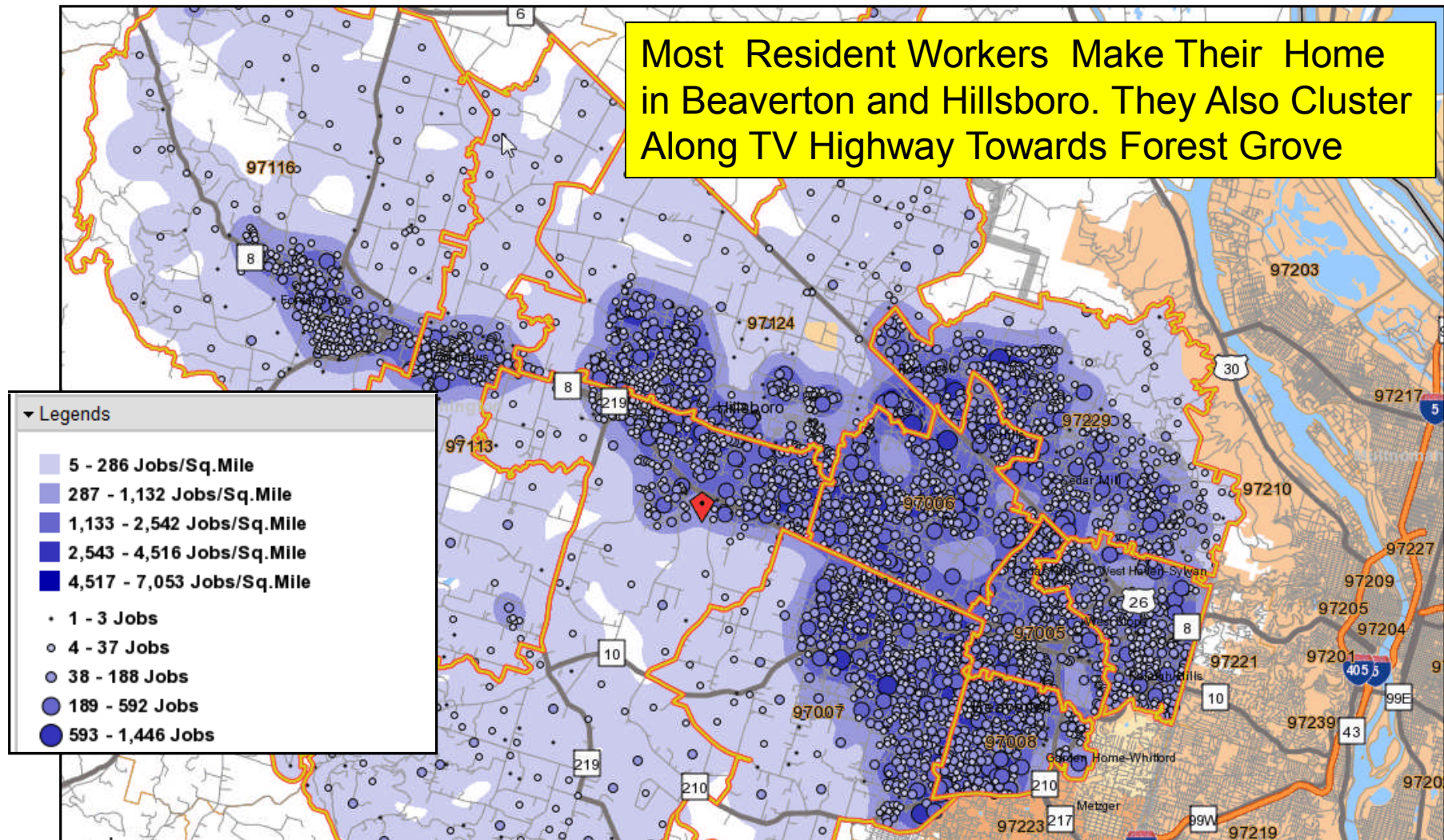
About 50% Work in Industries With Salaries of \$50,000 Plus.

Sources: OnTheMap, HousingEcon.com



## Exhibit 5, Tab 2

# Where Resident Workers Live in West Washington County, OR



Sources: OnTheMap, HousingEcon.com

## Exhibit 6, Tab 2

Profile of Resident Jobs in West Washington County, OR									
Total All Jobs									
	2009		2008	2007	2006	2005	2004	2003	2002
	Count	Share	Count	Count	Count	Count	Count	Count	Count
<b>Total All Jobs</b>	169,139	100.00%	176,154	172,931	176,160	176,191	167,830	168,198	169,614
Jobs by Worker Age									
	2009		2008	2007	2006	2005	2004	2003	2002
<b>Age</b>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Age 29 or younger	38,933	23.00%	45,381	45,221	46,376	46,518	43,674	43,991	45,541
Age 30 to 54	101,464	60.00%	102,132	100,555	103,885	104,686	101,165	102,567	103,656
Age 55 or older	28,742	17.00%	28,641	27,155	25,899	24,987	22,991	21,640	20,417
Jobs by NAICS Industry Sector									
	2009		2008	2007	2006	2005	2004	2003	2002
<b>Industries</b>	Count	Share	Count	Count	Count	Count	Count	Count	Count
Agriculture	2,325	1.40%	2,957	3,075	2,747	2,944	3,034	2,822	2,724
Resource Extraction	118	0.10%	138	131	141	150	155	114	110
Utilities	671	0.40%	521	489	520	502	588	591	599
Construction	6,866	4.10%	8,810	9,111	9,141	8,226	7,714	7,417	7,934
Manufacturing	26,352	15.60%	27,691	28,617	29,525	29,006	26,826	28,317	29,832
Wholesale Trade	10,480	6.20%	10,059	9,741	10,596	10,419	10,261	10,072	10,163
Retail Trade	15,864	9.40%	17,581	17,611	17,830	18,304	17,379	17,346	17,358
Transportation and Warehousing	3,913	2.30%	4,354	4,310	4,279	4,638	4,279	4,114	4,192
Information	5,678	3.40%	5,614	5,371	5,182	5,081	4,940	5,532	5,748
Finance and Insurance	9,133	5.40%	7,640	7,608	7,868	7,688	7,732	8,428	8,199
Real Estate and Rental and Leasing	3,203	1.90%	2,913	3,018	3,156	3,319	3,275	3,162	3,025
Professional, Scientific, and Technical Services	10,179	6.00%	9,622	8,992	9,015	8,865	8,329	8,348	8,899
Management of Companies	4,749	2.80%	4,871	4,655	4,817	4,945	4,641	4,302	4,179
Temp Jobs	9,642	5.70%	11,782	12,226	12,800	12,906	12,553	11,141	11,274
Educational Services	15,502	9.20%	15,433	14,197	14,796	14,930	13,614	14,234	13,045
Health Care and Social Assistance	18,442	10.90%	18,483	17,150	17,213	17,095	16,739	16,472	16,202
Arts, Entertainment, and Recreation	3,123	1.80%	2,930	2,727	2,708	2,686	2,672	2,525	2,551
Accommodation and Food Services	11,816	7.00%	12,776	12,336	12,502	12,930	11,834	11,243	11,170
Other Services	5,820	3.40%	6,137	5,954	5,861	6,019	5,893	5,688	5,919
Public Administration	5,263	3.10%	5,842	5,612	5,463	5,538	5,372	6,330	6,491

¼ of the Resident Jobs are in High-Tech Industries.

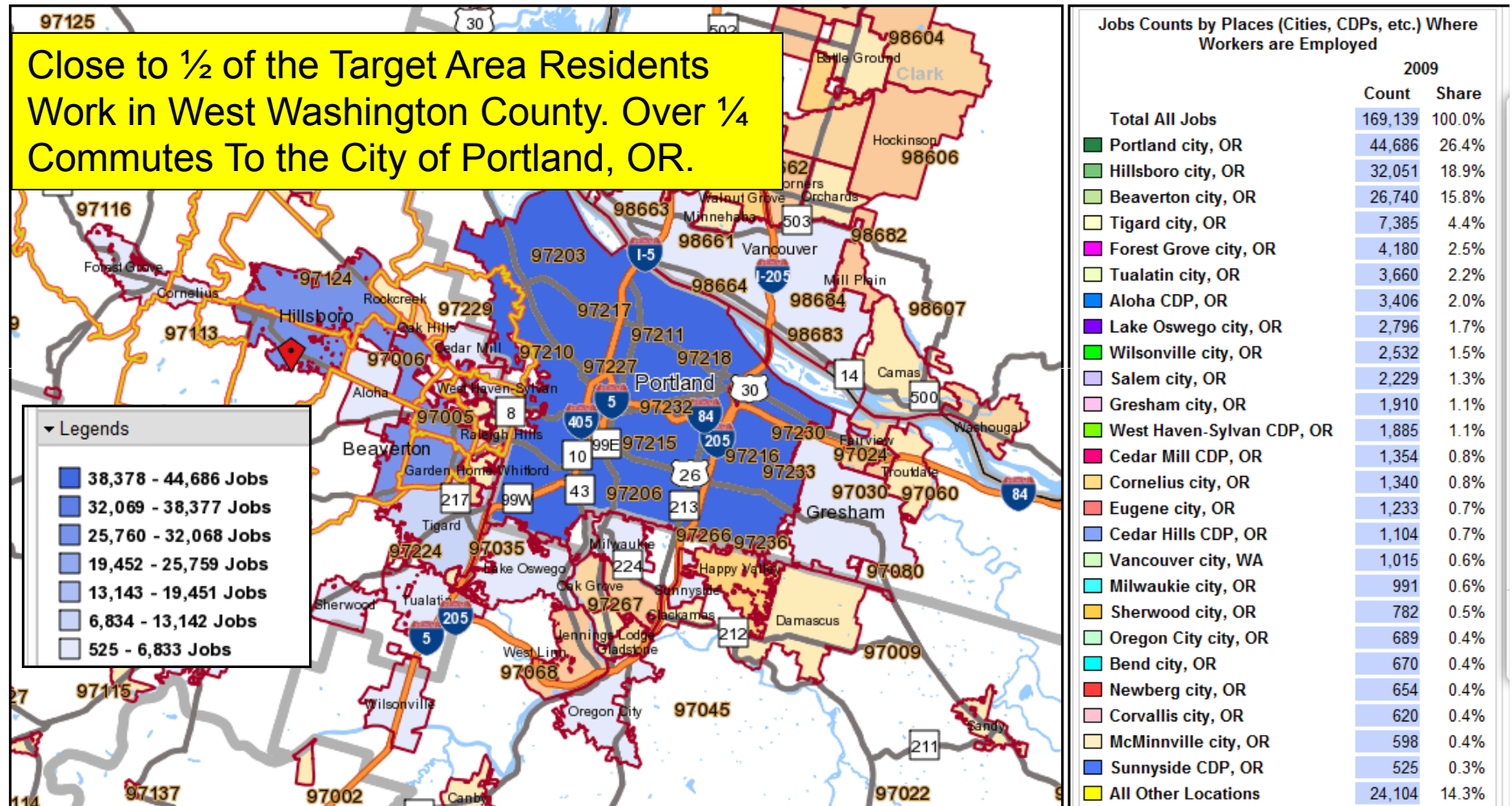
About 47% Residents Work in Industries With Salaries of \$50,000 Plus.

Sources: OnTheMap, HousingEcon.com



# Exhibit 7, Tab 2

## Where Resident Workers in West Washington County Are Employed

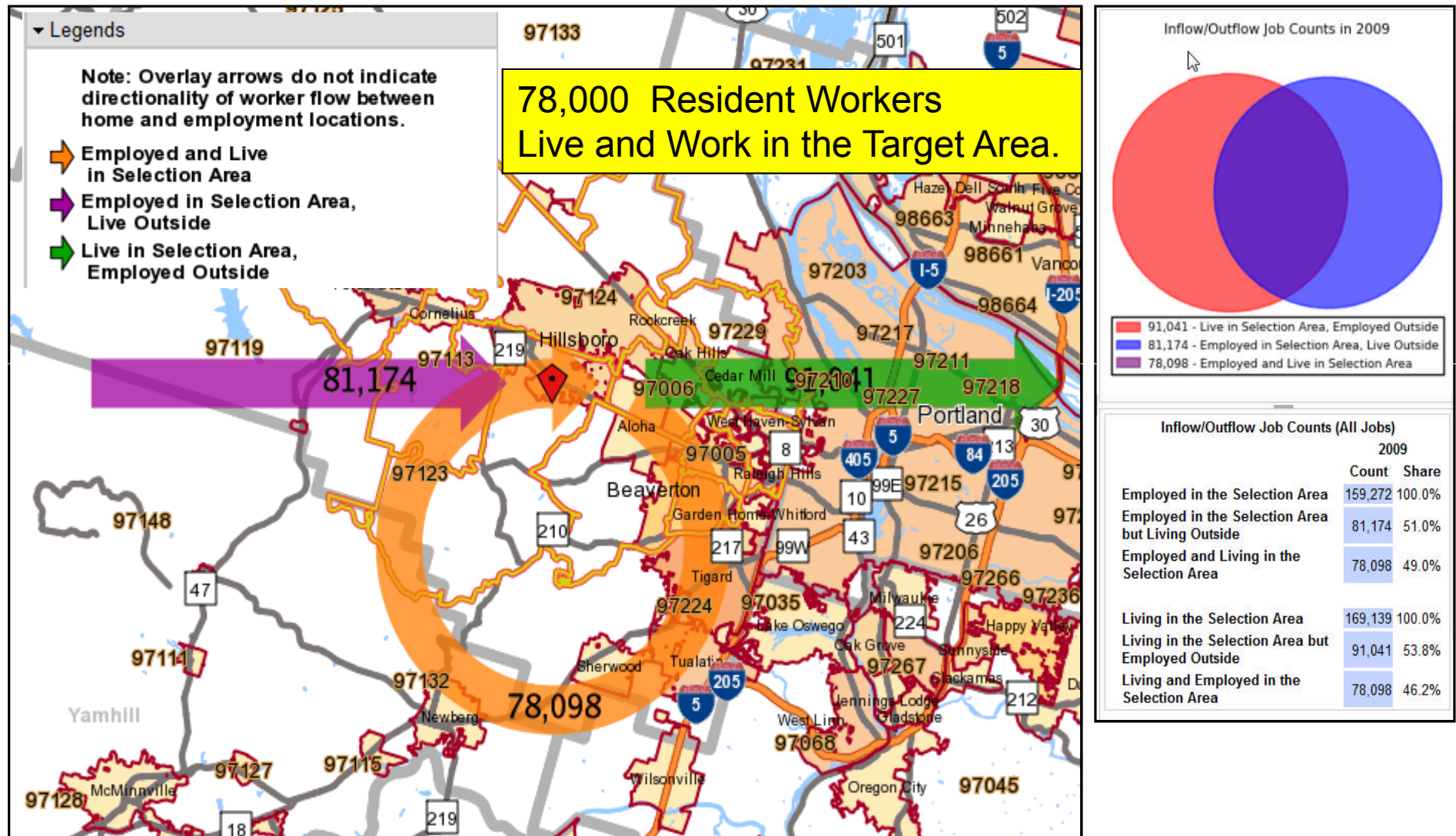


Sources: OnTheMap, HousingEcon.com



## Exhibit 8, Tab 2

# In-and-Outflow of Workers in West Washington County, OR



Sources: OnTheMap, HousingEcon.com

## 2. The Style of the Economic Recovery

# Economic Recovery in Washington County, OR

Year-to-Year Job and Percentage Changes

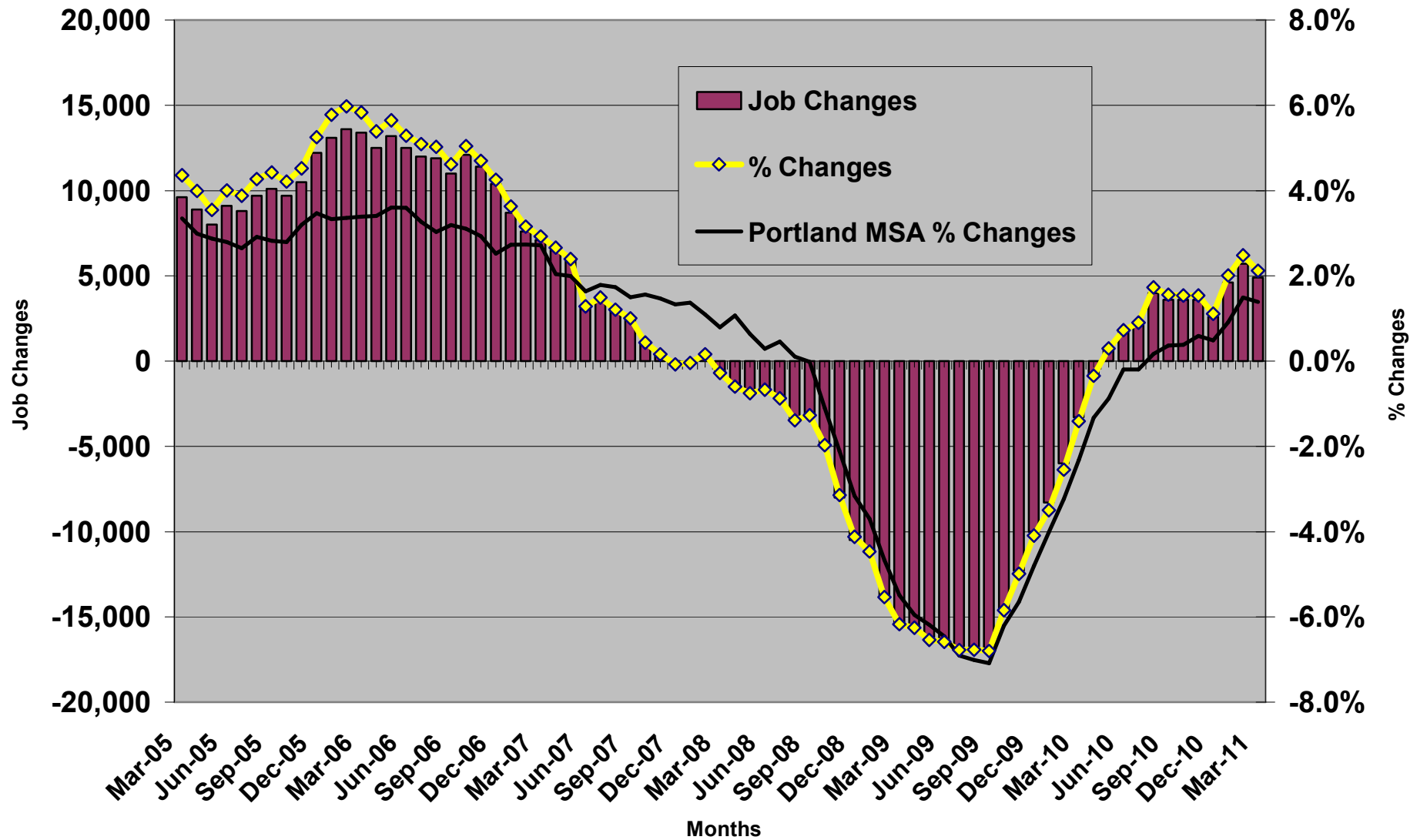




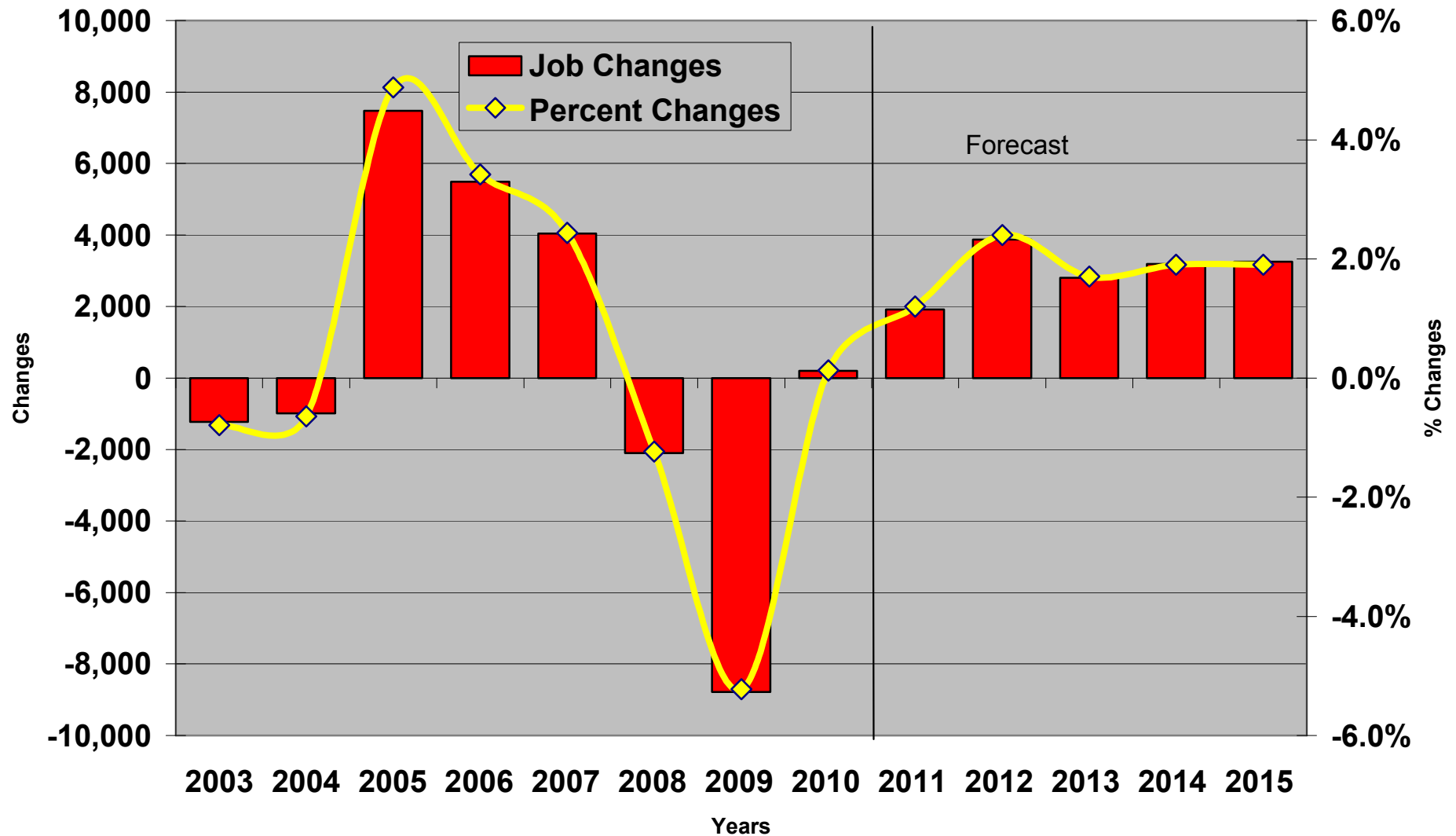
Exhibit 10, Tab 2

<b>"Export" - Driven Recovery in Washington County, OR Industry Job Trends (Year-to-Year Changes)</b>					
<b><u>Industries</u></b>	<b><u>March 2011</u></b>	<b><u>March 2010</u></b>	<b><u>Change year ago</u></b>	<b><u>% Change year ago</u></b>	<b><u>Job Growth Contribution</u></b>
<b>Total nonfarm employment</b>	<b>235,700</b>	<b>230,800</b>	<b>4,900</b>	<b>2.1%</b>	
Mining and logging	300	400	-100	-25.0%	-2.0%
Construction	10,300	9,800	500	5.1%	10.2%
<b>Manufacturing (MFG)</b>	<b>41,600</b>	<b>40,400</b>	<b>1,200</b>	<b>3.0%</b>	<b>24.5%</b>
Computer MFG.	25,400	24,700	700	2.8%	14.3%
Semiconductor MFG.	20,200	19,500	700	3.6%	14.3%
Wholesale	15,800	15,900	-100	-0.6%	-2.0%
<b>Retail</b>	<b>27,200</b>	<b>26,700</b>	<b>500</b>	<b>1.9%</b>	<b>10.2%</b>
TW&U*	3,100	3,200	-100	-3.1%	-2.0%
<b>Information</b>	<b>7,800</b>	<b>7,700</b>	<b>100</b>	<b>1.3%</b>	<b>2.0%</b>
Financial Activities	15,500	15,400	100	0.6%	2.0%
Professional Activities ex Temporary	16,700	16,600	100	0.6%	2.0%
Temporary Jobs	18,300	15,700	2,600	16.6%	53.1%
Educational and Health Services	29,600	29,500	100	0.3%	2.0%
Government	23,300	23,900	-600	-2.5%	-12.2%

\* TW&U: Transportation, Warehousing, and Utilities

### 3. Job Forecast for Washington County, OR

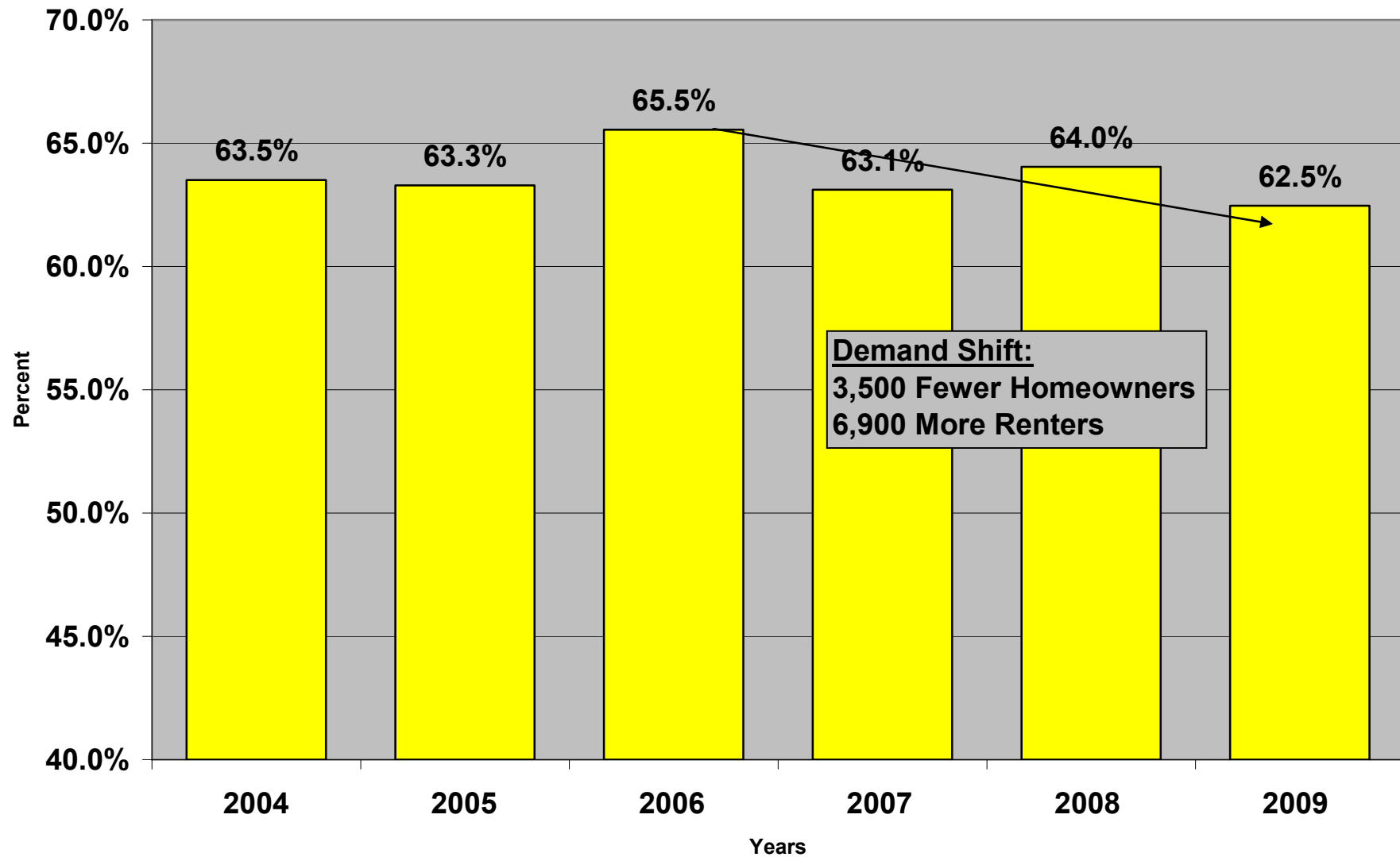
## History and Forecast of Washington County Job Growth





## 4. Structural Shift in Housing Demand

## Homeownership Rate in Washington County, OR



Sources: ACS, HousingEcon.com

## II. The Supply Side

1. Rotation in the Local Housing Stock
2. The Size of Current Housing Overhang
3. Foreclosure Inventory

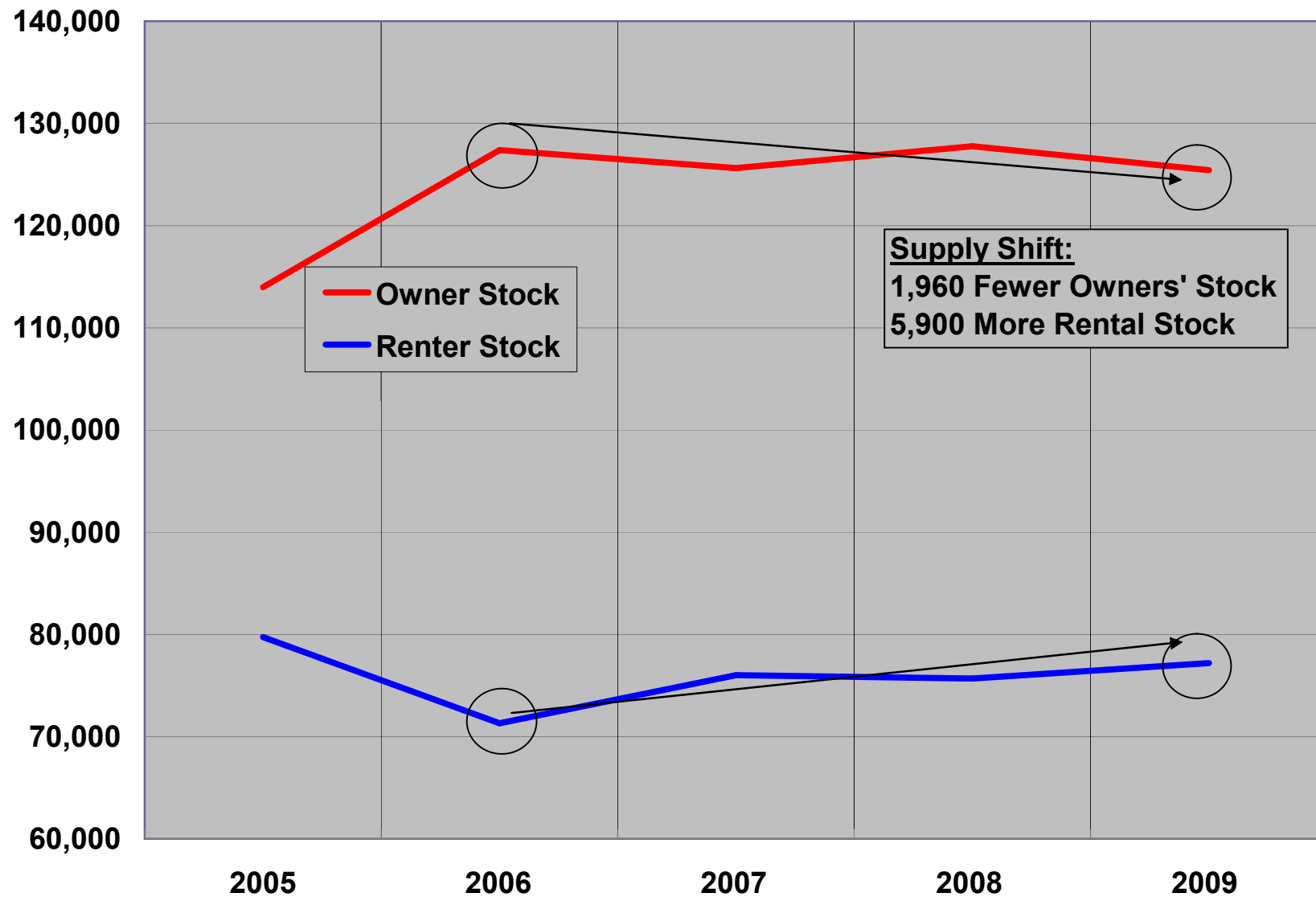


# Key Findings on the Supply Side

- Foreclosures only contribute to the rotation of housing stock. They do not add anything to already existing housing stock
- What impacts the existing housing overhang is the interplay of vacant housing, household formation, and replacement demand
- The existing housing excess in the target area is in the order of 1,430 Units in 2010
- (Overall housing supply adds the pipeline of existing and proposed subdivisions to the existing overhang and is then burned off by the household formation, which is associated with the expected growth of resident workers)

# 1. Rotation in the Local Housing Stock

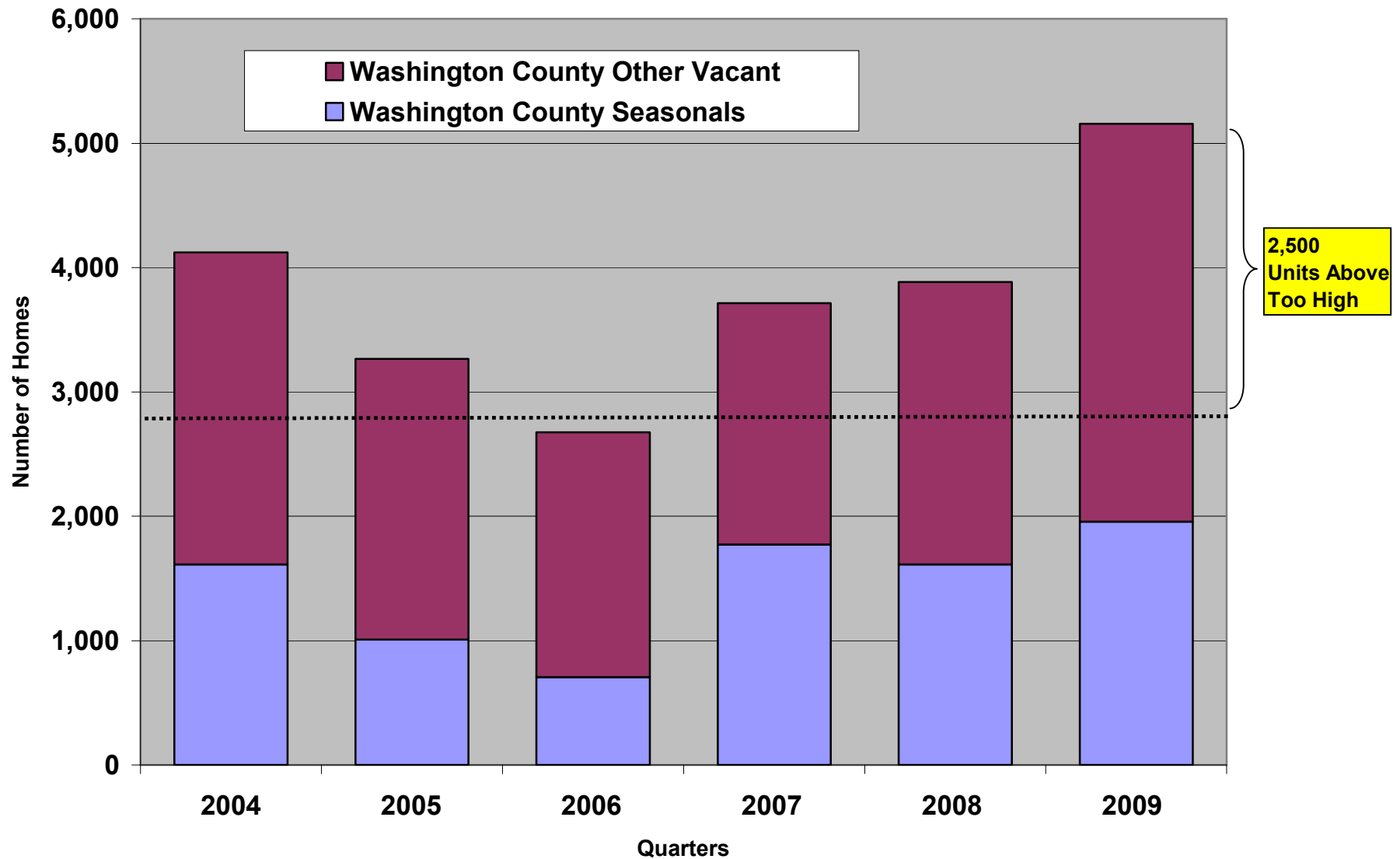
## Housing Stock in Washington County, OR



Sources: ACS, HousingEcon.com



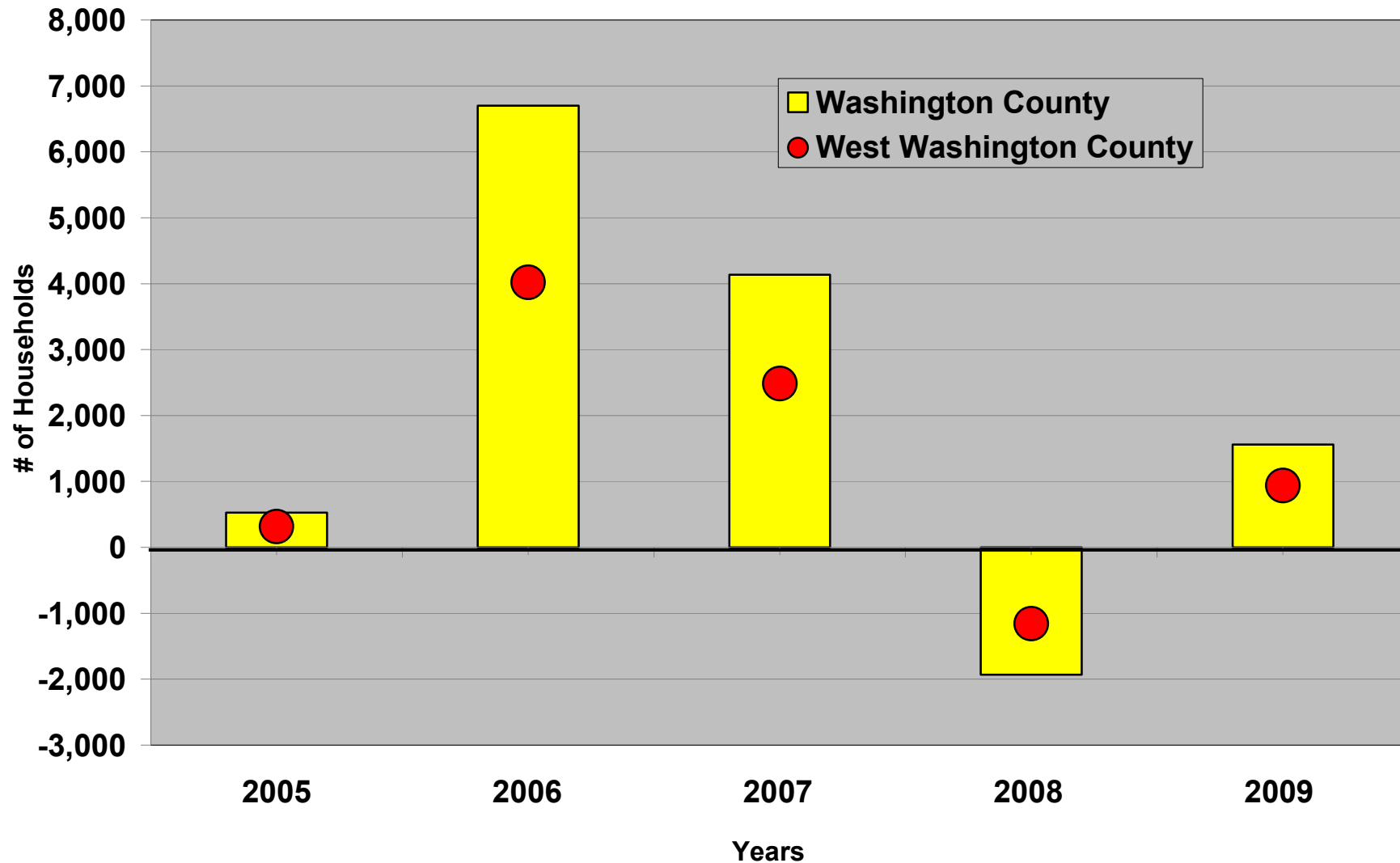
## The Wild Card: Sasonal and Other Vacant Homes



Sources: ACS, HousingEcon.com

Exhibit 15, Tab 3

## Household Formation in Washington County, OR and West Washington County



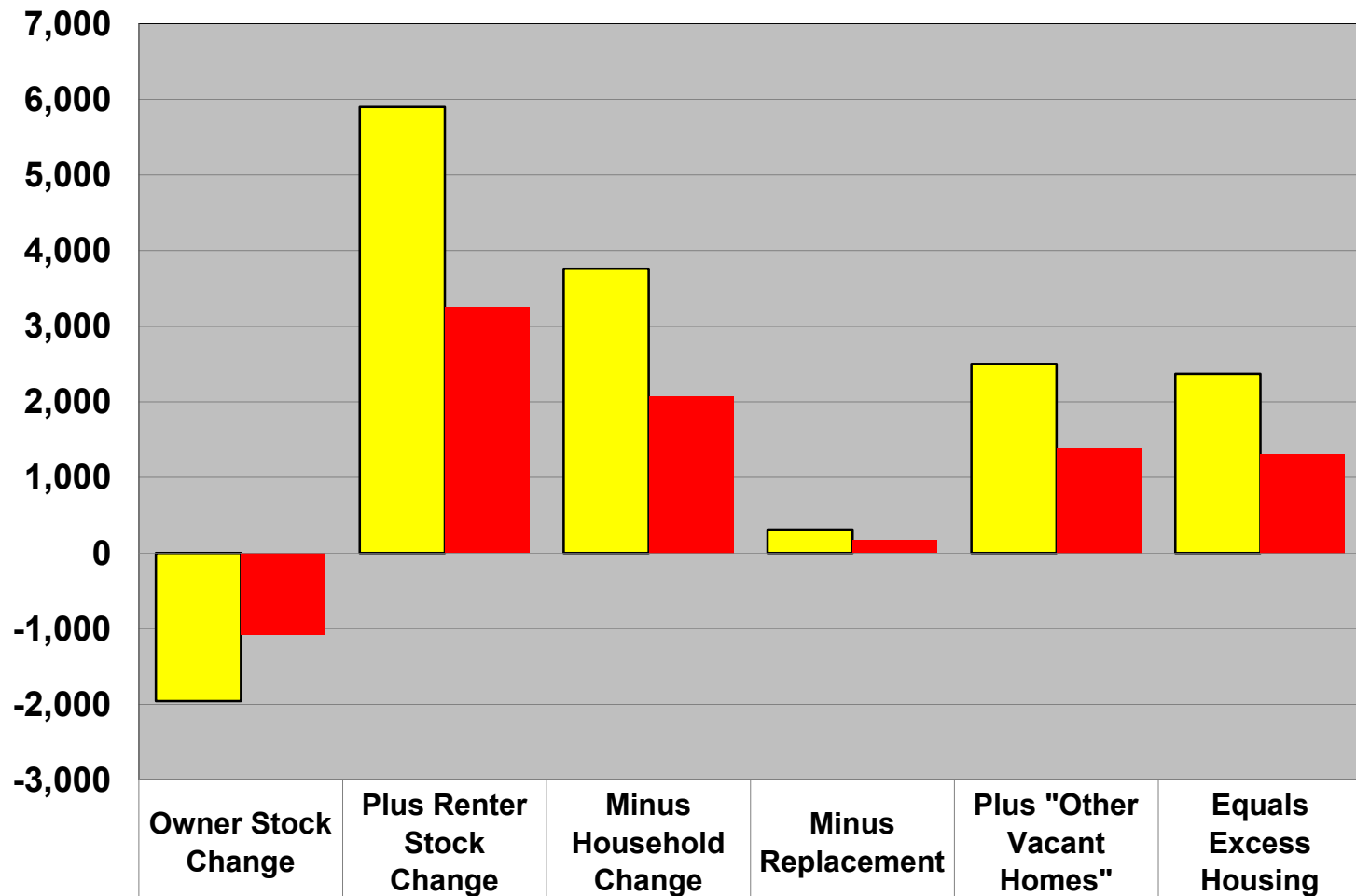
Sources: ACS, HousingEcon.com

## 2. The Size of The Current Overhang



# Exhibit 16, Tab 3

## Housing Asset Rotation In Washington County, OR and West Washington County 2006 to 2009

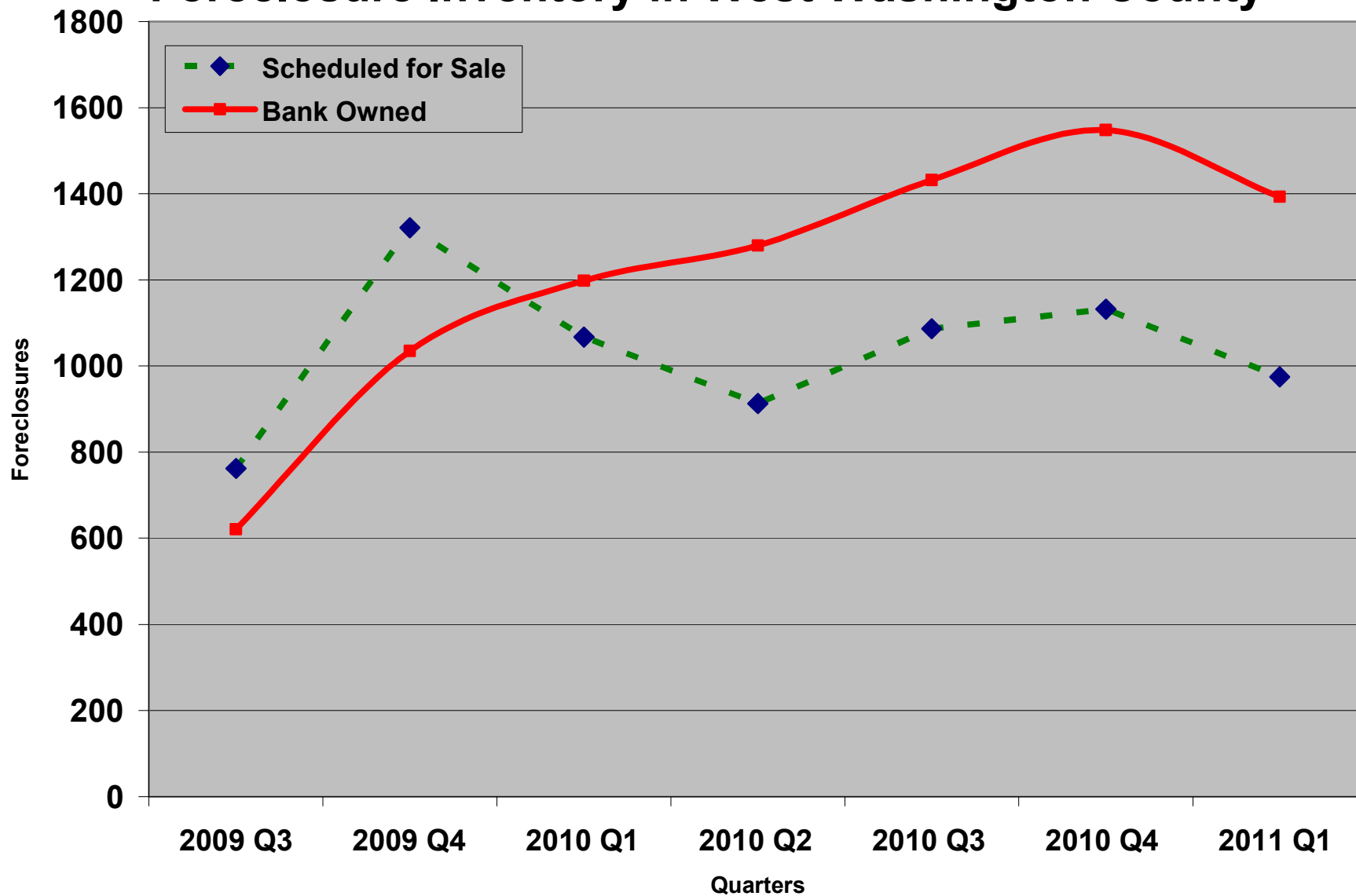


Washington County Rotation	-1,960	5,900	3,760	310	2,500	2,370
West Washington County	-1,080	3,250	2,070	170	1,380	1,310

Sources: ACS, HousingEcon.com

### 3. Foreclosure Inventory

## Foreclosure Inventory in West Washington County



Sources: ACS, Foreclosure Radar, HousingEcon.com



# Summation

- A moderate economic recovery will result in growth of West Washington County resident workers
- As a result, the target area will gain an average of 1,790 households per year from 2011 through 2013
- This resumption in new home demand in the target area will burn off the excess supply of the area housing stock plus the existing and proposed pipeline of subdivisions by 2013
- At that point a chronic housing shortage will arise, which could restrict economic development prospects and worsen housing affordability

# The End

Housing Supply and Demand Forecast for West Washington County, OR (Baseline)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	3,873	2,421		150			1,265	625	199
	2013	2,809	1,756		150			-341	-981	-1,407
	2014	3,193	1,996					-2,337	-2,977	-3,403
	2015	3,254	2,034					-4,370	-5,010	-5,437
	2016	3,316	2,072					-6,443	-7,083	-7,509
	2017	3,379	2,112					-8,555	-9,195	-9,621
2011 to 2013 Average		2,866	1,791							

1.6

Housing Supply and Demand Forecast for West Washington County, OR (1/2 Rate of Growth)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	1,937	1,210		150			2,476	1,836	1,409
	2013	1,388	868		150			1,758	1,118	691
	2014	1,565	978					780	140	-287
	2015	1,580	987					-207	-847	-1,274
	2016	1,595	997					-1,204	-1,844	-2,271
	2017	1,610	1,006					-2,210	-2,850	-3,277
2011 to 2016 Average		1,663	1,039							

Housing Supply and Demand Forecast for West Washington County, OR (No Growth Until 2013, Then 1.75%)										
			Demand	2010	New	2010	2010	Scenario 1	Scenario 2	Scenario 3
		Forecast	1.6 New Jobs	Supply	Foreclosure	Finished	Visible	Total Supply	Total Supply	Total Supply
	Date	Resident Workers	Per Household	Overhang	Feed	Lots	Proposed	All Porposed	70% Proposed	50% Proposed
Starting Point	2010	204	128	1,430		1,019	2,133	4,582	3,942	3,516
	2011	1,914	1,196		150			3,536	2,896	2,469
	2012	0	0		150			3,686	3,046	2,619
	2013	0	0		150			3,836	3,196	2,769
	2014	2,824	1,765					2,071	1,431	1,004



	2015	2,874	1,796					275	-365	-792
	2016	2,924	1,828					-1,553	-2,193	-2,619
	2017	2,975	1,860					-3,412	-4,052	-4,479
2011 to 2016 Average		1,534	959							



JOHNSON REID  
LAND USE ECONOMICS

## MEMORANDUM

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DATE: October 13, 2010

SUBJECT: Impact of South Hillsboro on Proposed Tanasbourne/AmberGlen Regional Center

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Johnson Reid has reviewed current and projected housing needs in the Hillsboro area and analyzed the detailed concept plans for South Hillsboro and AmberGlen. In addition, we have been project consultants to the City of Hillsboro for the proposed Tanasbourne/AmberGlen regional center.

We conclude that approving an expansion of the UGB this year to include the rest of South Hillsboro Community Plan will not divert resources from the proposed Tanasbourne/AmberGlen regional center, and that sufficient housing demand exists in Hillsboro for both developments.

South Hillsboro and AmberGlen will develop on different timelines. If added to the boundary this year, South Hillsboro can provide needed housing in the near-term; as planned, AmberGlen is likely to begin development in five-to-ten years.

Moreover, the two planning areas will serve different market areas, will provide largely different housing types and will require different types of financing.

### 1. Housing Need and Timing of Development.

There is a near-term need to add more housing in the Hillsboro area due to the community's rapid growth in both population and employment since 1990. If South Hillsboro is added to the boundary this year, the timeline to complete pre-development work and begin to build housing is two to four years. We project solid market demand for the new housing at that time.

The higher density housing proposed for AmberGlen is not going to be available in that timeframe. Because the plan for AmberGlen is more ambitious in scale and will require a greater public investment in predevelopment and infrastructure, it is projected that it will be at least five to ten years until development begins.

### 2. Different Housing Types.

Because South Hillsboro and Tanasbourne/AmberGlen are planned to achieve very different densities, they will result in markedly different built forms, which will inevitably mean different housing types and prices.

As a Regional Center, the newly adopted AmberGlen Community Plan provides for about 7,000 housing units at an overall housing density of 24 units per acre. In contrast, the South Hillsboro



("SoHi") Community Plan provides for about 8,000 units with a much a broader mix of housing types. While the proposed town center in SoHi is planned for 23 units per acre, the plan has an overall housing density of about 12 units per acre; those are both high density goals for a community outside of the central core.

AmberGlen is planned for mid-rise construction or greater which means buildings of 5 stories and likely some structured parking. These construction types generally mean higher costs per square foot, and therefore somewhat smaller and more expensive housing per square foot.

South Hillsboro will be mostly characterized by single family detached homes and two/three-story townhome-style development, which can be provided at a lower price point.

### 3. Different Markets.

Due to the significantly different nature of these two communities, as laid out in their respective Community Plans, they will be characterized by distinct housing types, different price points, and different timing. Though there will be some overlap, these differences will ensure that the two areas will appeal to largely separate target markets, both geographically and demographically.

The target market for AmberGlen will be younger residents or retirees, seeking the activity and urban amenities that the greater density will bring. The area will likely have fewer children than other Hillsboro neighborhoods.

South Hillsboro will likely achieve a broader mix of households in different life-stages. Families will be much more prevalent. This community will be more accessible to those who need more affordable housing.

### 4. Financing and Public Investment.

Redevelopment projects the scale of AmberGlen often require greater public involvement in the form of subsidies and incentives, as well as further time for public process, assembly and approval of complex financing packages.

South Hillsboro by contrast will largely be financed by the private sector and can begin development more quickly. Any public investment will leverage private development.

In light of the well-established demand in the Hillsboro area, both currently and forecasted for the next 20 years, we find that the market will be able to absorb the proposed housing in South Hillsboro and AmberGlen, and that the two areas have strong potential to complement each other, rather than compete.







## METRO COUNCIL MEETING

Meeting Summary

Oct. 20, 2011

Metro, Council Chamber

Councilors Present: Council President Tom Hughes and Councilors Carl Hosticka, Barbara Roberts, Carlotta Collette, Kathryn Harrington, and Shirley Craddick

Councilors Excused: Councilor Rex Burkholder

Council President Hughes convened the regular Council meeting at 2 p.m.

### 1. INTRODUCTIONS

There were none.

### 2. CITIZEN COMMUNICATIONS

Linda Bauer, 6232 SE 15<sup>th</sup>, Portland: Ms. Bauer addressed the Council on the City of Portland's compliance issues with Title 13. She stated that the City asked for and was granted an extension, until June 30, 2011, to meet compliance with Title 13 requirements. She stated that the City is still out of compliance, not being a good steward of protected natural resources, and is not making findings to meet the Title 13 requirements. (Written testimony included as part of the meeting record.)

Council directed the Chief Operating Officer to have staff look into this issue.

### 3. CONSENT AGENDA

Motion:	Councilor Kathryn Harrington moved to adopt the Oct. 20 consent agenda which consisted of: <ul style="list-style-type: none"><li>• Consideration of the Minutes for Oct. 13, 2011</li><li>• <b>Resolution No. 11-4296</b>, For the Purpose of Appointing a Member to the East Metro Connections Plan Steering Committee.</li></ul>
Second:	Councilor Barbara Roberts seconded the motion.

Vote: Council President Hughes and Councilors Hosticka, Collette, Roberts, Craddick, and Harrington voted in support of the motion. The vote was 6 ayes, the motion passed.

**4. RESOLUTIONS**

- 4.1 **Resolution No. 11-4294A**, For the Purpose of Accepting a Green Building Policy for Metro Facilities and Operations and Authorizing the Chief Operating Officer to Implement the Policy.

Motion:	Councilor Shirley Craddick moved to adopt Resolution No. 11-4294A.
Second:	Councilor Carlotta Collette seconded the motion.

Councilor Craddick introduced Resolution No. 11-4294A. In 2010, the Metro Council adopted by resolution a sustainability plan for internal and business operations. The plan was developed to help identify and guide the practices and projects needed to improve the sustainability of Metro's operations and to address five environmental sustainability goal areas: greenhouse gas emissions, toxics, waste, water and habitat. One high priority action identified by the plan was to create a green building policy for Metro's facilities and operations.

Ms. Molly Chidsey of Metro, with assistance from Mr. Paul Slyman of Metro, Clark Brockman of SERA Architects, and Mr. Chris Massey of Oregon Zoo, provided a presentation on Metro's Green Building Policy. The proposed policy would address new construction, major renovation and operations, and maintenance of existing facilities owned and operated by Metro. Ms. Chidsey emphasized that Metro's building portfolio is diverse and that the policy was designed to be flexible in terms of building size and type. Their presentation included information on Metro's approach, challenges and opportunities, requirements for each of the 3 building categories (e.g. new construction, major renovation, or maintenance), funding methods and tools, and examples of local and federal partners who have already implemented green building policies. (Handouts included as part of the meeting record.)

Council discussion included the challenges and opportunities (e.g. financial impacts) with LEED building certifications, and GSA's green building policy.

Vote:	Council President Hughes and Councilors Hosticka, Collette, Roberts, Craddick, and Harrington voted in support of the motion. The vote was 6 ayes, the motion <u>passed</u> .
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**5. ORDINANCES**

- 5.1 **Ordinance No. 11-1264A**, For the Purpose of Expanding the Urban Growth Boundary to Provide Capacity for Housing and Employment to the Year 2030 and Amending the Metro Code to Conform.

Council President Hughes passed the gavel to Councilor Hosticka to chair the meeting while he carried the ordinance.

The following motion was carried over from the Oct. 13 Council meeting:

Motion:	Council President Hughes moved to adopt Ordinance No. 11-1264A.
Second:	Councilor Harrington seconded the motion.



Mr. Tim O'Brien and Mr. Dick Benner of Metro provided a brief recap of the urban growth boundary process to date and outlined the action before the council as amended at the Oct. 13 meeting. Their presentation included information on the UGB public involvement process including information on the Oct. 6 public hearing, the public hearing noticing process and code requirements, and the COO's recommended three areas for UGB expansion: South Hillsboro, North Hillsboro and South Cooper Mountain. Additionally, on Oct. 13 the Council directed staff to create an "A" version of the legislation to reflect Council's action to amend the ordinance to include two additional tax lots located in the Roy Rogers West urban reserve area. Inclusion of the small area, approximately 52-acres that includes the right-of-way of SW Roy Rogers road, would allow for more efficient services of utilities between areas 63 and 64 – two areas brought into the UGB in 2002. Mr. O'Brien indicated that Exhibit A, *2011 UGB Expansion Areas* map, Exhibit B, *Conditions on Land Added to UGB*, and Exhibit C, *Title 14* map, have been updated to reflect the new expansion area. Additionally, Mr. Benner noted that the Council may receive testimony during the public hearing that would require staff to update Exhibit D, *Findings of Fact and Conclusions of Law*.

Councilor Hosticka opened a public hearing on Ordinance No. 11-1264A:

- Tim Knapp, City of Wilsonville: Mayor Knapp expressed support for including the Wilsonville Advance area in the UGB. He cited the following reasons: (1) a regional jobs/local housing imbalance; (2) the City's strong track record for residential and employment land development; (3) the City's previous and future infrastructure investments to serve the UGB areas; (4) economies of scale for planning and development of both the Advance and Frog Pond areas; and (5) Wilsonville's continued growth. (Written testimony included as part of the meeting record.)
- Pete Truax, City of Forest Grove: Mayor Truax was surprised the Council had not yet included the City of Forest Grove's request for 115-acres for large-lot industrial land in the UGB expansion areas. His testimony highlighted the City's established infrastructure, the region's need for large-lot industrial land, the City's opportunity to add local jobs and reduce its carbon footprint, and the importance of distributing the region's benefits and burdens equitably. He noted that reports presented indicate why South Hillsboro was included in the expansion areas, but do not address the other studied areas. He was concerned that Metro's action would further compound the disparity between benefits and burdens in the community and create further inequities in growth and change. (Written testimony included as part of the meeting record.)
- Richard Meyer, City of Cornelius: Mr. Meyer expressed the City of Cornelius' readiness to annex additional land into the city for residential purposes. He emphasized that the City cannot wait, due to the economic climate, an additional 3 to 5 years for a possible expansion. He encouraged the Metro Council to include all of the recommended areas – including those not recommended by the COO – into the UGB.
- Kelly Ross, NAIOP, Oregon Chapter: Mr. Ross expressed NAIOP's support for the North Hillsboro expansion area for large-lot industrial land. He emphasized that region's need for both large and small-lot industrial land. He expressed NAIOP's commitment to continue to work with Metro to address infill and industrial development inside the existing UGB. (Written testimony included as part of the meeting record.)
- Eric Squires, Washington County CPO#6: Mr. Squires addressed concerns with transportation capacity issues along TV Highway. He stated that Washington County CPO #6 formally voted to support written testimony submitted by Mr. Steve Larrance at the Oct. 6

Metro Council public hearing. He also submitted a DVD on UGB issues. (Written testimony and DVD included as part of the meeting record.)

- Jonathan Schlueter, Westside Economic Alliance: While Mr. Schlueter was in support of the ordinance, he did address some concerns with landing in the lower middle third of the forecasted range. He highlighted the following reasons: (1) Metro's proposed expansion is lower than past historical growth and future projections; (2) inclusion of North Hillsboro is low for the region's indentified need for 200 to 1550-acres of large-lot industrial land; (3) the proposed expansion discounts the threat of global warming and "environmental refugees;" (4) the proposed expansion fences out young people and "economic refugees;" and (5) the proposed expansion ignores the appeal of the region's vibrant communities for people outside the region. Mr. Schlueter also commented on a recent Oregonian article regarding the 2002 UGB expansion and specifically the City of Damascus. (Written testimony included as part of the meeting record.)
- Michael Speer, Cornelius: Mr. Speer addressed the Council on behalf of himself and his brother and sister. A land owner in Area 7D in Cornelius, Mr. Speer was in favor of including his land in the UGB. He stated that he has not planted nursery crops for 3 to 4 years, and that the property is better suited for urban development. He addressed the proximity of the proposed Hillsboro high school site and urban services to his property as reasoning.
- Lainie Smith, ODOT, Region 1: Ms. Smith expressed ODOT, Region 1's support to include North Hillsboro, South Hillsboro, South Cooper Mountain, and a portion of Roy Rogers West areas in the UGB expansion. ODOT is currently working with the City of Hillsboro and Washington County on transportation planning for both South and North Hillsboro areas and has recommended conditions for planning that is currently underway for highway facilities near the sites, as well as recommendations regarding access management. She recommended two formal conditions be added to Ordinance 11-1264A, Exhibit B, *Conditions on Land Added to UGB*. She note the following change to her written testimony regarding conditions for South Hillsboro:

"In coordination with ODOT, the City of Hillsboro and Washington County shall **continue to work toward completion and adoption of the** ~~complete the TV Highway Corridor Plan and Hillsboro TV Highway Focus Area Corridor Plan consistent with the Metro Regional Transportation Plan and the Oregon Highway Plan. The TV Highway Corridor Plan must be completed and adopted – locally, regionally, and by the Oregon Transportation Commission – prior to permitting urban development and Hillsboro TV Highway Focus Area Corridor Plan must be adopted locally and by the Oregon Transportation Commission prior to permitting urban development.~~"
- Brian Wegner, Tualatin River Keepers: Mr. Wegner addressed the Council on the potential impacts of urbanization on streams – specifically stromwater runoff. He encouraged Council to adopt, as part of the conditions, regulations that prevent stormwater runoff on site and encourage urban forestry practices that reduce runoff. He used the South Cooper Mountain area as an example and recommended that the City of Beaverton's proposal to maintain zero runoff on for new development be a standard for all new areas. He also discussed Title 13.

- James Crawford: He encouraged the Council to develop the rural residential land already in the UGB before considering additional expansion. (Written testimony included as part of the meeting record.)
- David Meyers, 4458 SW 201<sup>st</sup> Ave., Beaverton: Mr. Meyers recommended that action on South Hillsboro and South Cooper Mountain areas be removed from the ordinance until completion of the current Aloha-Reedville study. He discussed traffic impacts to the area.
- Cherry Amabisca, Save Helvetia: Ms. Amabisca was concerned that the City of Hillsboro is rushing to plan new roads in both urban and rural reserves and lines on a map lead to expectations about where City would like to urbanize. She used the Sunset area as an example. She emphasized the domino effect maps have on local farmers. She stated that premature planning makes citizens skeptical about the intentions of their governments. Separately, she invited attendees to a viewing of a Helvetia documentary on Nov. 6 titled, "Century Farm." (Written testimony included as part of the meeting record.)
- Robert Bailey, Save Helvetia: Mr. Bailey was opposed to the proposed North Hillsboro expansion area. He stated that the City of Hillsboro and Washington County would like to create a "package" of infrastructure and other amenities to entice businesses to relocate to the region at the cost of local taxpayers. He stated that if the expansion areas were adopted, western Washington County taxpayers would be responsible for an unequal burden of the infrastructure costs. He also note potential impacts to farmland in the area. (Written testimony included as part of the meeting record.)
- Richard Kidd, 3022 Watercrest, Forest Grove: Mr. Kidd stated that in past decisions the Metro Council has taken the recommendation of the Metro Policy Advisory Committee (MPAC) and that approval of the ordinance, as currently proposed, contradicts this past practice. He was in favor of including the City of Forest Grove's 115-acre request. He emphasized the City's established infrastructure and lack of expansion/inclusion in the UGB to date. He asked the Council to consider equality, survivability, the region's needs, and the community's aspirations when making their decision. (Written testimony included as part of the meeting record.)
- Barbara Hadley, 33442 SW TV Highway, east Cornelius: Ms. Hadley expressed support for 6.75-acres of her property east of Cornelius to be added to the UGB for urban development. She discussed existing transit and utility services, traffic congestion, and safety concerns as reasoning.
- Eric Wasik, 5236 N. Williams Ave., Portland: Mr. Wasik expressed his and his future in-laws' support for including the South Hillsboro area in the UGB. He stated that the area's plan preserves the character of the area; he used the local golf course and school as examples. He stated that the plan is well-researched and supported by evidence. (Written comments included as part of the meeting record.)
- Marc DeCoster, 5899 SW Kruse Rd., Wilsonville: Mr. DeCoster was in support of including the Wilsonville Area 4H into the UGB. He stated that despite his land's soil quality, the parcel is too low in acreage to farm for profit. He discussed the traffic congestion in Wilsonville and stated that having a balance of jobs and housing in the area would reduce congestion and help the environment.



- Rick Potestio, 2211 SW Park Place #502, Portland: Mr. Potestio was concerned with the proposed expansion and adding density at the edge of the UGB. He stated that the proposed ordinance inverts historical patterns by placing resources at the boundaries edge versus the center/core of the region. He stated that the region is creating distance between housing, employment, parks, transit, etc. He stated that the region needs to have an open dialog, on par with that of the urban and rural reserves process, on how the region would like to grow in the future.
- Carol Chesarek, 13300 NW Germantown Rd., Portland: Ms. Chesarek was disappointed the ordinance did not require more than 15 units per net buildable acre in South Hillsboro. She questioned why the City of Hillsboro was not required to provide higher density in the proposed areas. She discussed the City's mixed reaction when addressing issues such as Aberglenn and TIGER grant awards versus increased density or more transit.
- Joanne Criscione, 16880 SW Bull Mountain Rd., Tigard: Ms. Criscione addressed the Council on Areas 63 and 64. She emphasized the work local citizens and staff has put in planning the areas for UGB expansion. She felt that the land owners in this area were misrepresented and stated that the entire, planned, area should be brought into the UGB. She discussed difficulties with local access and impacts to farmers.
- Linda Peters, Washington County Citizen Action Network: Ms. Peters encouraged the Council to delay action on the ordinance. She emphasized that area planning should be completed in advance of its development. She was concerned that in the midst of an economic downturn and legal ambiguities, North and South Hillsboro areas would be included in the UGB; especially given statements that Hillsboro plans to build a new arterial road from the heart of its industrial area to Bethany. She stated that the region should use a different economic development paradigm.

Seeing no additional citizens who wished to testify, Councilor Hosticka closed the public hearing.

Mr. Benner indicated that the concerns and/or comments raised during the hearing had been responded to in Exhibit D, *Findings of Fact and Conclusions of Law*. Regarding ODOT, Region 1's comments, Mr. Benner indicated that Title 11 planning would be required for areas brought into the UGB. He indicated that, almost always, if the proposed development has significant impact on the transportation system, ODOT is present and active in discussions. He stated that while the proposed conditions were not necessary, they would provide ODOT with a greater certainty that their concerns would be heard. Mr. Benner indicated that the proposed revisions would not be considered a substantive amendment. Mr. Pat Ribellia of the City of Hillsboro confirmed the proposed additions were consistent with City's work and that the City was in support for the proposed language as amended.

***Amendment #1:***

Motion:	<p>Councilor Harrington moved to amend Ordinance 11-1264A, Exhibit B, <i>Conditions on Land Added to UGB</i>, to include an additional conditions:</p> <ul style="list-style-type: none"> <li>• <b>North Hillsboro:</b>  <u>"The City of Hillsboro and Washington County, in partnership with ODOT, shall complete an interchange area management plan for an adequate and safe local transportation network. This plan must be completed and adopted by the Oregon Transportation Commission prior to permitting urban development."</u> </li> <li>• <b>South Hillsboro:</b></li> </ul>
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	<u>"In coordination with ODOT, the City of Hillsboro and Washington County shall continue to work toward completion in and adoption of the TV Highway Corridor Plan and Hillsboro TV Highway Focus Area Corridor Plan."</u>
Second:	Councilor Roberts seconded the motion.

Vote: Council President Hughes and Councilors Hosticka, Collette, Roberts, Craddick, and Harrington voted in support of the motion. The vote was 6 ayes, the motion passed.

Councilors addressed testimony presented. Discussion topics included, but were not limited to:

- Large-lot industrial land inventory and need
- Equity
- UGB public comment process
- Fiscal and governance responsibility for expansion areas
- Location of proposed expansion areas
- The importance of protecting lands outside the UGB while investing resources inside the existing UGB; and placing priority on already established communities
- The development of South Hillsboro (e.g. industrial versus residential)
- Conservative expansion due to current economic climate.

Councilors expressed their support for the ordinance as amended.

Vote: Council President Hughes and Councilors Hosticka, Collette, Roberts, Craddick, and Harrington voted in support of the motion. The vote was 6 ayes, the motion passed.

Staff will prepare a "B" version of the legislation for the formal record that reflects the Council's action and amendment of Exhibit B.

#### **6. CHIEF OPERATING OFFICER COMMUNICATION**

There was none.

#### **7. COUNCILOR COMMUNICATION**

Council announced that Oregon Zoo's elephant Rose-Tu is pregnant again. She is anticipated to deliver in late 2012.

#### **8. ADJOURN**

There being no further business, Council President Hughes adjourned the regular meeting at 4:18 p.m. The Metro Council will reconvene the next regular council meeting on Thursday, Oct. 27 at 2 p.m. at the Metro Council Chamber.



Kelsey Newell, Regional Engagement Coordinator

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF OCT. 20, 2011**

<b>Item</b>	<b>Topic</b>	<b>Doc. Date</b>	<b>Document Description</b>	<b>Doc. Number</b>
2.0	Testimony	N/A	Written testimony submitted by Linda Bauer	102011c-01
3.1	Minutes	10/13/11	Council minutes for Oct. 13, 2011	102011c-02
4.1	Legislation	N/A	Revised Resolution No. 11-429A, Exhibit A and Staff Report	102011c-03
4.1	PowerPoint	10/20/11	Green Building Policy presentation provided by Molly Chidsey	102011c-04
5.1	Exhibit	N/A	Revised Ordinance No. 11-1264A, Exhibit B	102011c-05
5.1	Exhibit	N/A	Revised Ordinance No. 11-1264A, Exhibit D	102011c-06
5.1	Testimony	10/20/11	Written testimony submitted by Tim Knapp	102011c-07
5.1	Testimony	10/20/11	Written testimony submitted by Pete Truax	102011c-08
5.1	Testimony	10/20/11	Written testimony submitted by Kelly Ross	102011c-09
5.1	Testimony	N/A	Written testimony submitted by Eric Squires	102011c-10
5.1	Testimony	10/20/11	Written testimony submitted by Jonathan Schlueter	102011c-11
5.1	Testimony	10/20/11	Written testimony submitted by Lainie Smith	102011c-12
5.1	Testimony	10/20/11	Written testimony submitted by James Crawford	102011c-13
5.1	Testimony	10/20/11	Written testimony submitted by Cherry Amabisca	102011c-14
5.1	Testimony	10/20/11	Written testimony submitted by Robert Bailey	102011c-15
5.1	Testimony	10/20/11	Written testimony submitted by Richard Kidd	102011c-16
5.1	Testimony	10/20/11	Written testimony submitted by Eric Wasik	102011c-17
5.1	Testimony	10/20/11	Written testimony submitted by Marc DeCoster	102011c-18
5.1	Testimony	N/A	Written testimony submitted by Jeff Bachrach	102011c-19
5.1	Testimony	10/20/11	Written testimony submitted by Hilja Davis	102011c-20
5.1	Testimony	10/20/11	Written testimony submitted by John Fregonese	102011c-21



5.1	Testimony	10/20/11	Written testimony submitted by Drake Butch and Bob LaFeber	102011c-22
5.1	Testimony	10/20/11	Written testimony submitted by City of Hillsboro	102011c-23