

Wilsonville Transit Center TOD Strategy

Existing Conditions and Context Summary

Date August 12, 2021
To Kim Rybold, Senior Planner, City of Wilsonville
From Brian Vanneman, Chris Zahas, and Sam Brookham, Leland Consulting Group

Introduction

In summer 2021, the City of Wilsonville engaged the Leland Consulting Group (LCG or Leland) team to prepare a Wilsonville Transit Center Transit Oriented Development (TOD) Strategy. The goals of the Strategy are to identify one or more development alternatives for the City's TOD Site and adjacent Transit Center that are consistent with the City's vision and are logistically and financially feasible; and to set the stage for the City's anticipated future recruitment of one or more developers for the site.

This document summarizes existing conditions at the site and surrounding area, as well as important contextual considerations such as an evaluation of the City's goals, relevant real estate development trends, and affordable housing funding sources.

The purpose of this document is to provide the City Council and staff with a common baseline understanding of context for affordable housing development at the site to inform the City's decisions about the TOD project. The document begins with an executive summary and a series of key questions regarding future development, which are also repeated in the body of the document. The Leland team includes LCG, DDV Consulting (financial and feasibility analysis for affordable housing projects), YBA Architects (architecture and urban design), and HHPR (engineering and site development assessment).

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Summary of Key Findings and Key Questions

The section serves two purposes. The first purpose is to summarize the Leland team's key findings regarding project context, existing conditions in the area and at the site, and affordable TOD opportunities and constraints. The second purpose is to pose a series of questions for the City and project team that are not resolved at this time. These questions may ultimately be answered by this project process, by the City, or by future affordable housing developers of the site. However, where possible, there is a benefit to providing answers sooner rather than later.

Summary of Key Findings

- The City's *Equitable Housing Strategic Plan* identifies a range of different types of households that are especially in need of affordable and equitable housing. These include low income households, seniors, LatinX households, middle aged millennials, and those seeking to move from renting to owning. The City should review these different types of households and determine if the TOD site should be prioritized to serve one or more of these groups see page 6).
- A preliminary list of "place making" and "other" goals for the project begins on page 7. The City should review these goals, and identify any that should be prioritized or removed, and provide recommended adjustments.
- The West Side area (defined in this report as the area of the City west of I-5) surrounding the TOD Site has a number of strengths for future affordable housing residents, and which will be seen as positive by the primary affordable housing funding sources. These include:
 - Good transit service that connects potential future residents to commercial services, employment, parks, schools, residential neighborhoods, community centers/services and other amenities within Wilsonville and other cities.
 - Existing pedestrian, bicycle, and auto transportation infrastructure that makes similar connections as transit.
 - Close to the Coffee Creek Wetlands with views to the west.
 - Close to I-5 interchange.
- Wilsonville: A desirable, growing, and accessible community, where rising housing costs have led the community to seek ways to deliver more affordable housing. (Some funding sources target locations where housing is unaffordable, and the fact that the City has already designated this as a desirable site for affordable housing is a positive.) Challenges include the fact that there are no existing residential or commercial uses within a quarter mile, and most nearby uses are industrial and/or employment, which generates freight traffic on surrounding streets, and potentially, other nuisances such as noise.
- The "TOD Site" has been identified and approved by the City as a "Future Development Parcel" since at least 2008. In addition, land use applications that were approved by the City envisioned that the existing park and ride lot could be expanded to the west, into what was then identified as "Future Park and Ride Site" and which this report also refers to as the Kinsman Site. Both of these site uses received approval under a variety of City review and approval processes, including Stage I and II Planned Development. These approvals provide a clear basis for proceeding with TOD at this location.
- Active ground floor community or commercial space has been identified as a desirable feature of this project, and the site's existing zoning could conceivably require well in excess of 10,000 square feet of commercial space, depending on how the project is designed. However, there are a number of challenges associated with commercial space in affordable housing projects. The Leland team is not aware of any primary affordable housing funding source that provides capital for commercial space. In addition, sizeable commercial spaces will trigger BOLI prevailing wage rates on the remaining (affordable residential) component of mixed-use projects, and likely increase the costs of the residential component of the project by 10% to 15%. Also, locating the parking for the commercial component of the project will be challenging, in part because no on street parking is allowed. Together, this could

create a funding gap on the order of \$5 million or more. Therefore, the City should think carefully about whether active ground floor space should be seen as a desirable goal or a “must have” requirement.

- The park and ride immediately north of the TOD Site has 399 spaces, and relatively low levels of occupancy. TriMet and SMART have indicated that they are open and supportive of the concept of shared parking--future affordable TOD residents parking on the park and ride lot—as long as this does not limit other users’ access to transit. The park and ride lot can also be expanded to the west. Reaching a long-term shared parking agreement with TriMet, or expanding the park and ride lot to the west, will be hugely beneficial or essential to the financial feasibility of the TOD, because it will probably be cost prohibitive or impossible to build adequate parking on the TOD Site.
- At this early stage, there appear to be at least four entitlement pathways for a TOD project at this site: 1) via the existing PDI zoning; 2) via the provisions of Senate Bill 8 under the current zoning, if residential uses can be considered to be “adjacent” to the TOD Site; 3) via the provisions of Senate Bill 8 and a rezone to Public Facilities; 4) via a different approach such as an Overlay zone or area specific regulations. The strengths and weaknesses of each should be evaluated and considered as this project proceeds. One issue associated with the existing zoning is that commercial space would probably be required, which will challenge project feasibility as discussed above. In contrast, Public Facilities zoning does not permit commercial space. Zoning and entitlement considerations are summarized beginning on page 37.
- This report identifies four “primary” affordable housing funding sources shown that provide funding for most of the affordable housing projects completed in the State of Oregon. These are the 1) Metro Bond, 2) 9% Low Income Housing Tax Credit (LIHTC) program, 3) LIFT, and 4) 4% LIHTC program. The Leland team believes it is important to focus on these programs first, since they are critically important to affordable projects, and each imposes a different set of criteria, requirements, and timing on projects.
- The Leland team has grouped the four primary funding sources into a conceptual Project 1 and Project 2. Project 1 would be primarily funded by a combination of the Metro Bond and 9% LIHTC. Project 2 would be primarily funded by a combination of LIFT and 4% LIHTC. LCG’s early assessment is that either of these two funding approaches could enable the development of a +/- 100 unit affordable housing project on the TOD Site, subject to certain conditions (shared or surface parking, on the park and ride or Kinsman Site; minimal or no commercial space; average site development costs). A likely target market for Project 1 would be permanent supportive housing for homeless or formerly homeless veterans at 0% to 60% median family income (MFI); Project 1 could also provide deeply affordable units for another special needs population. Because the Metro Bond and 9% LIHTC funding sources are both competitive, with applications due in the first four to six months of 2022, Project 1 also implies an aggressive timeline for this TOD project. A likely target market for Project 2 would be family housing that includes a social service component (e.g., connections to off-site employment or educational training) targeted to the LatinX community (given that community’s population in Wilsonville and the criteria of the LIFT program) and affordable to households earning an average of 60% MFI. The City should consider these options, and others in light of its goals. Projects 1 and 2 are further described starting on page 42.
- Feasibility of the TOD project will likely depend on City support. In addition to the conditions above, the Leland team’s preliminary feasibility analysis indicates that the following types of City support may be necessary to make this project feasible: a land value write down; System Development Charge (SDC) waivers for affordable units; property tax abatement (already provided in the City for affordable projects); helping to secure off-site parking for the TOD project; championing the project; and potentially providing other support that may become more apparent as this project moves forward, particularly if development costs are higher than currently anticipated.

Key Questions

- Should development at the TOD Site and/or Wilsonville Transit Center be focused on providing housing for one or more of the groups identified in the City’s Equitable Housing Strategic Plan? Or does the City prefer not to specify target group(s) and make a determination of what is most appropriate based on proposals to be submitted in the

future by potential developers? These questions are closely linked to the questions listed below associated with affordable housing funding sources and the preliminary concepts of Projects 1 and 2.

- Does the City believe that the Place Making and Other goals summarized in this report capture the City's non-housing related goals? How would the City modify or add to these goals?
- Given the challenges associated with developing commercial space as part of affordable housing projects that are discussed in this report, should commercial space be a goal or requirement for the TOD project?
- Does the City have a preferred entitlement pathway at this early stage in the process?
- Does the City feel that Project 1 or Project 2 is more consistent with its vision and goals for the site, or are both equally acceptable?
- Are the types and level of City support described above acceptable to the City or is it too early to say?

The City's TOD Vision and Goals

In June 2020, the City adopted the *Wilsonville Equitable Housing Strategic Plan*. This Plan evaluated the need for equitable and affordable housing throughout the City and identified implementing a TOD at the subject site as a priority action to begin exploring within two years of the Plan's adoption. According to the Plan, "the City-owned property at the Wilsonville Transit Center is the City's main opportunity to promote TOD with affordable and/or workforce housing...The City is interested in completing a Development Opportunities Study and Prospectus to understand development possibilities and constraints, clarify objectives for site development, and compile materials that the City can use as it conducts outreach with potential developers." Add a statement here to explain what this section contains, especially since the next section feels a bit out of place but also provides important context for the conversation around vision and goals

Affordable Housing and Households

The table below is intended to help stakeholders better understand the types of households in Clackamas County and Wilsonville that may be in need of affordable housing at the subject site, and whether the private market or public subsidies provide housing for these groups. Public subsidies are typically required for housing at 60% median family income (MFI) and below. The information below is primarily adapted from materials prepared by Metro and Oregon Housing and Community Services (OHCS, a State of Oregon agency). This table uses a three-person household and a two-bedroom unit as an example, as Federal and State agencies assume that an average of three people will occupy a two-bedroom unit.

Income range	0-30% MFI (Median Family Income)	30-60% MFI	60-80% MFI	80-120% MFI
Household Income (for a three-person family, 2021)	< \$26,130	< \$52,260	< \$69,680	< \$104,040 (\$97,100 is MFI)
Maximum Rent (2-bedroom unit)	\$653	\$1,307	\$1,742	\$2,613
Example households	<ul style="list-style-type: none"> • Adult on disability insurance • Couple with social security 	<ul style="list-style-type: none"> • Full time minimum wage worker • Preschool teacher • Construction laborer 	<ul style="list-style-type: none"> • Two full time minimum wage workers • Carpenter 	<ul style="list-style-type: none"> • Police officer • Electrician
How is housing for this MFI range provided?	<p>The private market does not provide housing affordable at this level.</p> <p>Housing affordable at this level requires an ongoing subsidy, such as rental assistance vouchers.</p> <p>Many households in this income bracket also benefit from support services for residents on site, which require additional subsidies or resources.</p>	<p>The private market does not typically provide new housing affordable at this level—at least not in locations with good access to transit and amenities.</p> <p>Regulated affordable housing at this level often requires subsidies to construct.</p> <p>Most regulated (or “deed restricted” or “subsidized”) affordable housing is built to serve households at 60% MFI and below.</p>	<p>The private market does not provide much new rental housing at this level.</p> <p>Most people in this group live in older rental housing stock that was built by private sector developers and has now “filtered” down to become more affordable.</p>	<p>The private market provides rental apartments, and owner-occupied units, such as attached and small-lot housing, condos, cottage clusters, and accessory dwelling units for this group.</p>

Sources: Metro; Oregon Housing and Community Services.

<https://www.oregonmetro.gov/sites/default/files/2018/04/19/Equitable-Housing-Initiative-Factsheet-Affordability-201804.pdf>;

<https://www.oregon.gov/ohcs/compliance-monitoring/Documents/rents-incomes/2021/LIHTC/Clackamas-County-2021-Rent-Income-Limits.pdf>.

Refining the City’s Vision and Goals

Vision, Goals, and Priorities. The sections below provide some information and questions about ways the City could refine its vision, goals, requirements, and priorities for the TOD site.

As used here, vision and goals are closely related terms. The City’s vision for the TOD site will probably include a number of individual goals that describe how the City would like to see the site developed in the future. City staff have already

provided a number of preliminary goals for the project, which are summarized below. Priorities refers to choices about which of the goals, or what aspects of the goals, are most important to achieve.

Because public sector and developer resources are finite, and because some goals may actually be in conflict with each other, it is possible that the TOD project will not be able to achieve all the goals—but it is still worth defining what they are. LCG will take feedback based on this report, further refine the vision and goals for the project, prepare a set of development alternatives that respond to the goals, and test the financial feasibility of these alternatives.

Goals and Requirements. Another thing to consider is whether the elements that the City wants in this TOD project should be considered goals or requirements.

Requirements are “must haves.” If a development alternative or development proposal does not include one of the City’s requirements, then it would automatically be eliminated from consideration. Goals are “want to haves.” They imply a clear desire for some outcome, but also more flexibility—more ways that a development proposal could meet the spirit of the goal, if not the exact letter.

We recommend that the City have relatively few requirements, and a handful of goals—five to eight is usually the most manageable. Also, LCG will work with the City to refine these goals and requirements in the coming months. The City should be careful not to establish requirements that are not possible for any developers to meet.

Why Have Goals? LCG has found that having a clearly defined vision and goals for a public-private development project such as this is important. It helps the consultant team to create a series of development alternatives that respond to the goals, and then for all to evaluate whether these alternatives meet the goals. It helps to make sure multiple parties stay on the same page. The vision and goals should be clearly communicated to potential future developers via a Request for Qualifications (RFQ) or Request for Proposals (RFP), so that only developers who understand the City’s goals and are able to deliver on them submit proposals.

Affordable Housing Goals

While the *Equitable Housing Strategic Plan* sets a broad policy framework for the entire City, it did not describe a specific type of housing for the TOD site.

Therefore, one question is whether Wilsonville’s City Council and staff believe it is important to prioritize housing intended to serve one or more particular demographic groups at the TOD site. There are some benefits to identifying priorities for the site. They may give the consultant team clear direction on what to design or not design: For example, the in-unit and site features of housing for seniors and families differs, as described further in the Affordable Housing section on page 24. If there is a policy priority to serve one or more particular groups at this site, then this should be reflected in the Leland team’s site designs and financial analysis, and when appropriate, should also be communicated to developers. In addition, because some affordable housing funding sources (see page 42 for details) are intended to provide housing for specific demographic groups, it may increase this project’s odds of securing funding in the future.

On the other hand, it is not absolutely necessary for the City to have a clear policy priority at the site; the Leland team’s work can still proceed. However, this may only delay a decision by the Council or staff until later in this process—e.g., when the Leland team presents a series of development concept designs and financial analysis, or even later, when the City receives submittals from developers.

If there is no clear policy priority, it may be difficult to evaluate one proposal against another. Also, a lack of clarity may deter some developers who focus on a particular type of housing.

The table below shows some of the key high-level findings of the *Equitable Housing Strategic Plan* in the left column, and potential implications for the TOD site on the right.

Citywide findings from the <i>Equitable Housing Strategic Plan</i>	Potential Implications for TOD Site
<p>Significant housing deficits for households earning between 30% and 50% median family income (MFI).</p>	<p>Affordable rental housing.</p> <p>Particularly for households at or below 30% MFI, households are more likely to rely on fixed incomes, disability, or rental assistance vouchers; and may benefit from permanent supportive services such as mental health, substance abuse, or job training.</p>
<p>Wilsonville will likely continue to have a large share of residents aged 60+.</p> <ul style="list-style-type: none"> • Downsizing, aging in place and multigenerational households • Homes close to services 	<p>Affordable senior housing. Smaller unit sizes. Typically, lower parking demand.</p>
<p>Increasing share of LatinX households</p> <ul style="list-style-type: none"> • Multigenerational households • Need for relatively affordable housing 	<p>Larger rental or ownership units to accommodate larger households. May benefit from culturally specific support services such as Spanish language connections to education and job training in Spanish.</p>
<p>More middle-aged millennials</p> <ul style="list-style-type: none"> • Homeownership for Millennials will increase. • Demand for relatively affordable ownership and rental, near amenities 	<p>Owner-occupied or rental homes, for households now between 25 and 40years old. Some larger units for households with children. Also see below, as a significant number of Millennial households are likely to have incomes comparable to the median renter household.</p>
<p>Homeownership is out of reach for many residents. In 2019, when the <i>Equitable Housing Strategic Plan</i> was underway, a median renter household could potentially afford homes valued at between \$221,000 and \$252,000, but the median housing price was \$454,500.</p>	<p>Owner-occupied homes for medium income households, such as attached single family homes, duplexes, narrow lot homes, or stacked flats/condos.</p>

Sources: *Equitable Housing Strategic Plan*; *Leland Consulting Group*.

Other goals related to affordable housing development at the site may include a goal for a specific number of affordable housing units; and/or a goal for a project of a particular size, scale, or height.

Place Making Goals

As a part of our existing conditions analysis, LCG has spoken with staff at the City and SMART, and other stakeholders at the Housing Authority of Clackamas County, TriMet, and Metro’s TOD program.

During these discussions, stakeholders have raised the following as potential goals for the TOD that encompass issues that are broader than the provision of affordable housing. These may also become part of the vision and goals for the

future development. **The City Council should review these goals, identify any that should be prioritized or removed, and provide recommended adjustments.**

- Quality development: The building and site should be attractive and incorporate high quality materials, design, and landscaping.
- Place making: Use new development here to create a sense of place—a place that has some memorable design features, and where people want to spend time, rather than just a stand-alone building.
- Active Ground Floor Space. The TOD should include active ground floor spaces that serve the TOD residents, and potentially residents and employees from the surrounding West Side.
 - Active ground floor space has the potential to advance the goal of place making above, by creating visible places in the building, and on surrounding sidewalks, plazas, and streets, where people can interact with each other and the built amenities.
 - SMART has indicated an interest in a small (+/- 500 square feet) transit rider's welcome center in the TOD.
 - "Active ground floor space" may include commercial uses or community services. Specific commercial uses mentioned thus far include day care, health and dental care, food and beverage (e.g., coffee shop or lunch spot) and/or other services that would meet the needs of TOD residents and the surrounding population. Some of the types of community services that have been mentioned include resident support services, community meeting space, education, connections to employment opportunities, and social services for higher-need populations such as substance use treatment, case management, and life skills training.
- A plaza or open space that is connected to the SMART boarding areas and active ground floor spaces in the building.
- Support Transit Ridership, by placing housing and some active ground floor uses in proximity to transit. Transit oriented development has been shown to generate transit ridership.
- Be a good neighbor to existing, surrounding employment uses.

Other Goals

The following are other potential goals for the City's consideration. While some of these may seem so self-evident that they need not be included in the vision or goals, LCG has found that these types of goals can help to elevate some development alternatives and eliminate others.

Potentially, the TOD project should:

- Represent a fiscally prudent investment of City funds and other public funds.
- Be financially feasible for any nonprofit or private developers with whom the City partners in the future. We anticipate that a nonprofit or private developer will ultimately be the developer, owner, and operator of the TOD project.
- Be completed sooner rather than later. While definitions of "sooner" can vary, it is still sometimes useful to call attention to the fact that the City's prefers action in the near term compared to the long term. The precise definition of "sooner" will depend in part on the type of project pursued by the City and developer, the timing of the funding sources pursued, and other factors.

The Area: West Side Wilsonville

As shown below, the Wilsonville Transit Center (previously called South Metro Area Transit (SMART) Central at Wilsonville Station) and TOD Site are centrally located in Wilsonville’s west side (the area of the City west of I-5).

The transit center is the central hub for Wilsonville’s SMART’s bus service, and the Westside Express Service (WES) commuter rail, which runs to the Beaverton Transit Center via Tualatin and Tigard. While transit service is discussed in greater depth below, it will be a very important asset for future residents of the site and provides connections from the site to virtually all of the key destinations in the City.

Quarter Mile. The area within a quarter-mile of the site is predominately a light industrial and employment district, including the Coca-Cola distribution plant immediately to the south. The recently constructed Kinsman Road to the west of the site includes a shared path that runs adjacent to the Coffee Lake Creek Wetlands—a beautiful and environmentally important natural area.

Figure 1. Area Context



Source: City of Wilsonville, Metro RLIS, LCG.

Half Mile. Within a half-mile of the site are many more employers, natural areas and parks, and the City’s planned I-5 Pedestrian Bridge, which will provide a unique and highly visible pedestrian and bike (and possibly transit) connection linking Wilsonville’s west and east sides, including key destinations such as Villebois and the Wilsonville Town Center.

The natural route for pedestrians and bicyclists traveling over the bridge will go on Barber past the TOD site. There are bicycle lanes currently on Barber. Future residents of the site will also be able to reach Villebois within a half-mile.

Villebois is a 500-acre, mixed-use, master-planned community in west Wilsonville that boasts a variety of housing options, parks, schools, and a Town Center. Villebois includes more than 2,600 residential units.

Three Quarters Mile. Lowrie Primary School, which educates children from pre-kindergarten to 5th grade, is located less than three quarters of a mile west, over the Barber St. bridge and within Villebois. Inza R. Wood Middle School is further west.



The planned I-5 Pedestrian Bridge

Most of the major commercial amenities are within a three-quarter to one-mile radius of the site. Just south of Wilsonville Road and at about three quarters of a mile from the site, Old Town Square and surrounding commercial areas provide the following goods and services: grocery (Fred Meyer), pharmacy (Walgreens), numerous restaurants, financial services, health and personal care (e.g., dental, optometry), fitness, and others. Many affordable housing funding sources prioritize funding projects that are well served by transit and that are in close proximity to commercial services and jobs. Therefore, for the benefit of future residents and funding availability, these services are a significant benefit. East of I-5, an even wider range of services is available in the Wilsonville Town Center. Major tenants include Safeway, Wilsonville City Hall, Clackamas Community College, and (just east of the Town Center) Wilsonville Community Center and Wilsonville Memorial Park. These amenities are already accessible by transit (and other modes), and the I-5 Pedestrian Bridge will make them even more accessible to the site.

Figure 2. Area Strengths and Challenges – Summary
(Site Strengths and Challenges are covered starting on page 30)

Strengths	Challenges
<ul style="list-style-type: none"> • Good transit service that connects potential future residents to commercial services, employment, parks, schools, residential neighborhoods, community centers/services and other amenities within Wilsonville and other cities. • Existing pedestrian, bicycle, and auto transportation infrastructure that makes similar connections as transit. (Many affordable housing funding sources prioritize funding projects that are well served by transit and that are in close proximity to jobs and services.) • Coffee Creek Wetlands; views to the west • Close to I-5 interchange. • Wilsonville: A desirable, growing, and accessible community, where rising housing costs have led the community to seek ways to deliver more affordable housing. (Some funding sources target locations where housing is unaffordable, and the fact that the City has already designated this as a desirable site for affordable housing is a positive.) 	<ul style="list-style-type: none"> • No existing residential or commercial uses within a quarter mile. • Most nearby uses are industrial and/or employment, generating freight traffic on surrounding streets, and potentially, other nuisances such as noise. On the whole, City staff stated that the area is not that noisy. • At-grade rail crossing to the east (serving freight rail) creates noise from passing train horns.

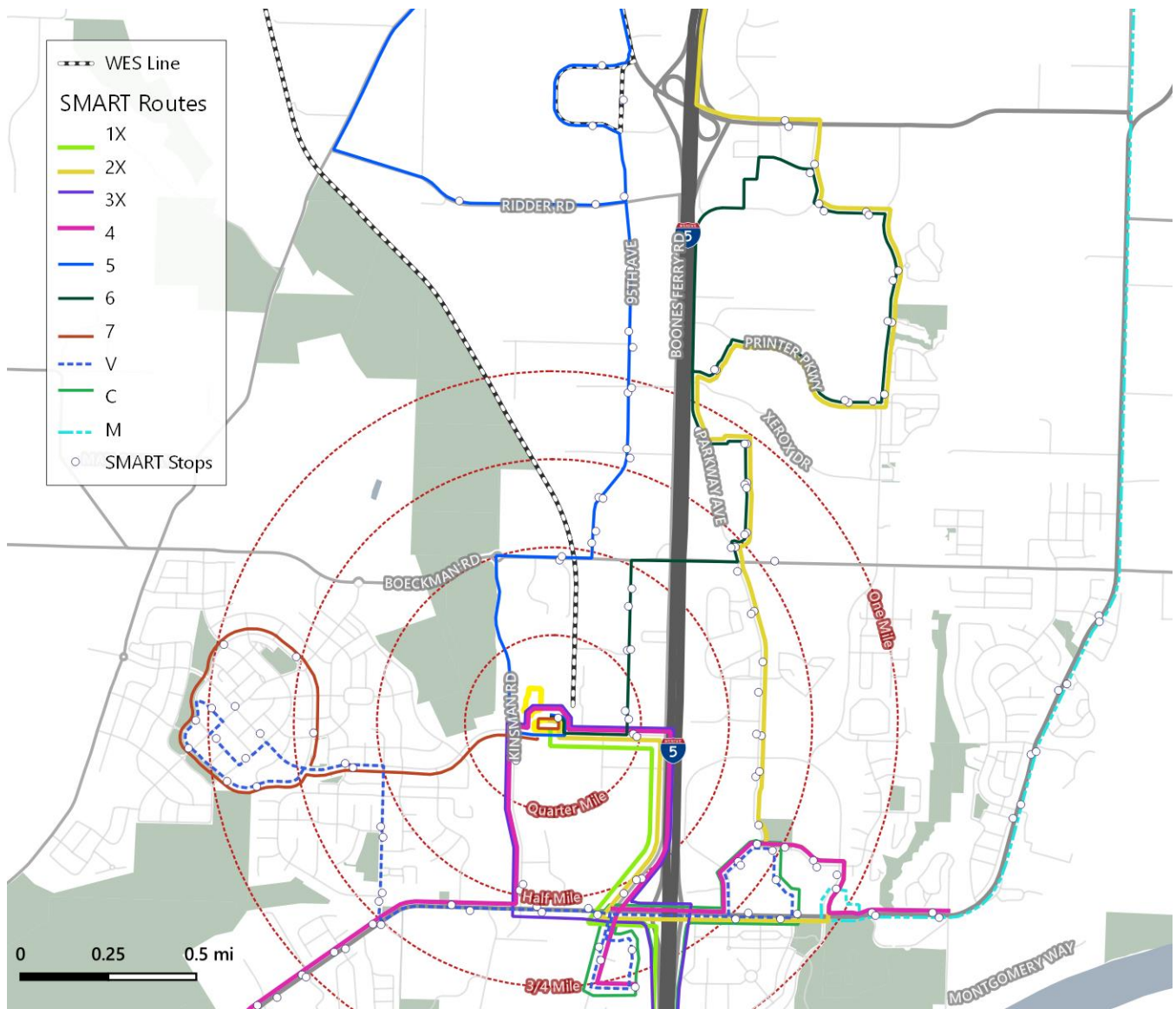
Transit Ridership and Routes

Wilsonville’s SMART runs many bus and shuttle routes to, from, and through the Wilsonville Transit Center. SMART’s bus routes and the TriMet WES Line are shown on the following map.

Weekday transit ridership is highest on Line 4, which generally runs along Wilsonville Road from Willamette Way to Rose Lane with deviations to circle up to the Transit Center via Kinsman Road and Boones Ferry Road and the Wilsonville Town Center via Town Center Loop and Courtside Drive. The line with the second-highest ridership is the 2X, which runs east and north from the Wilsonville Transit Center to the Tualatin Park and Ride via the Wilsonville Town Center. Line 1X has the third highest ridership and runs south to Salem from the Wilsonville Transit Center.

SMART routes within Wilsonville, to Tualatin Park & Ride, and Canby are free. SMART charges a fare for the Route 1X to Salem. Therefore, future residents at the TOD Site will be well served by transit and have access to jobs and services in Wilsonville; Tualatin, Tigard, Beaverton, and the Portland metro area; and Salem.

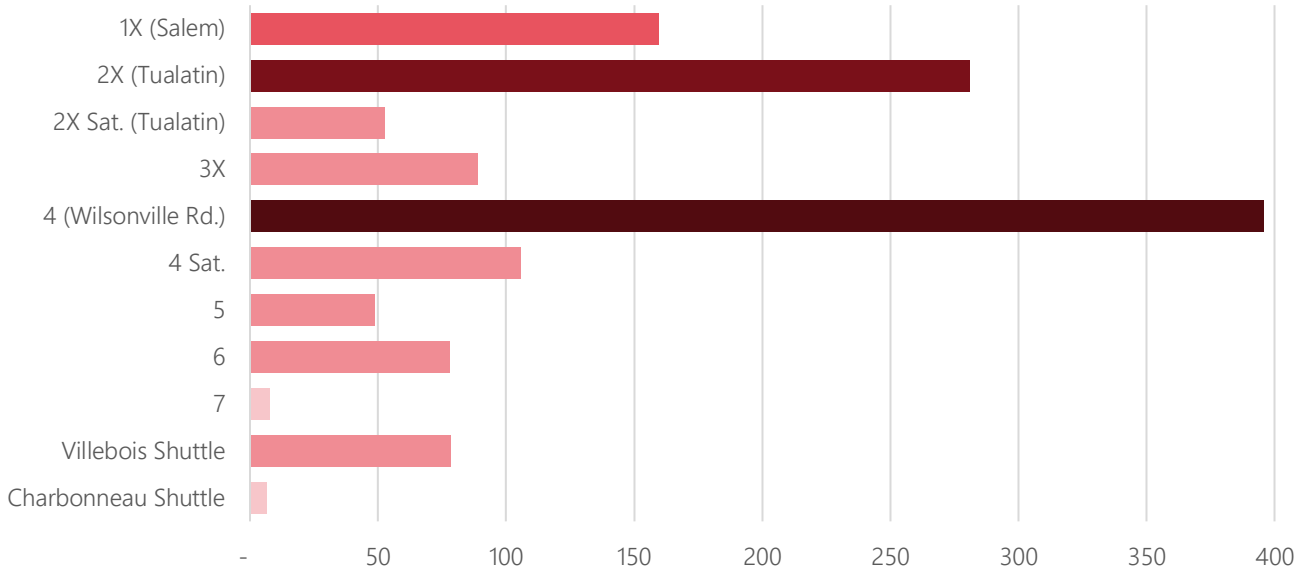
Figure 3. Wilsonville SMART Transit Routes and WES Line



Source: City of Wilsonville, Metro RLIS, LCG

Figure 4 below shows the average daily weekday ridership on SMART’s transit lines. Data is shown for pre-COVID 19, which is more likely an indicator of future ridership than data for 2020. SMART runs a Saturday service for the 2X and 4 lines, and ridership data is also shown for these weekend services. The 4 line will connect residents at the TOD site to the commercial services at Old Town Square, the Wilsonville Town Center, and elsewhere.

Figure 4. Average Daily Transit Ridership (Weekday), July 2018 through June 2019



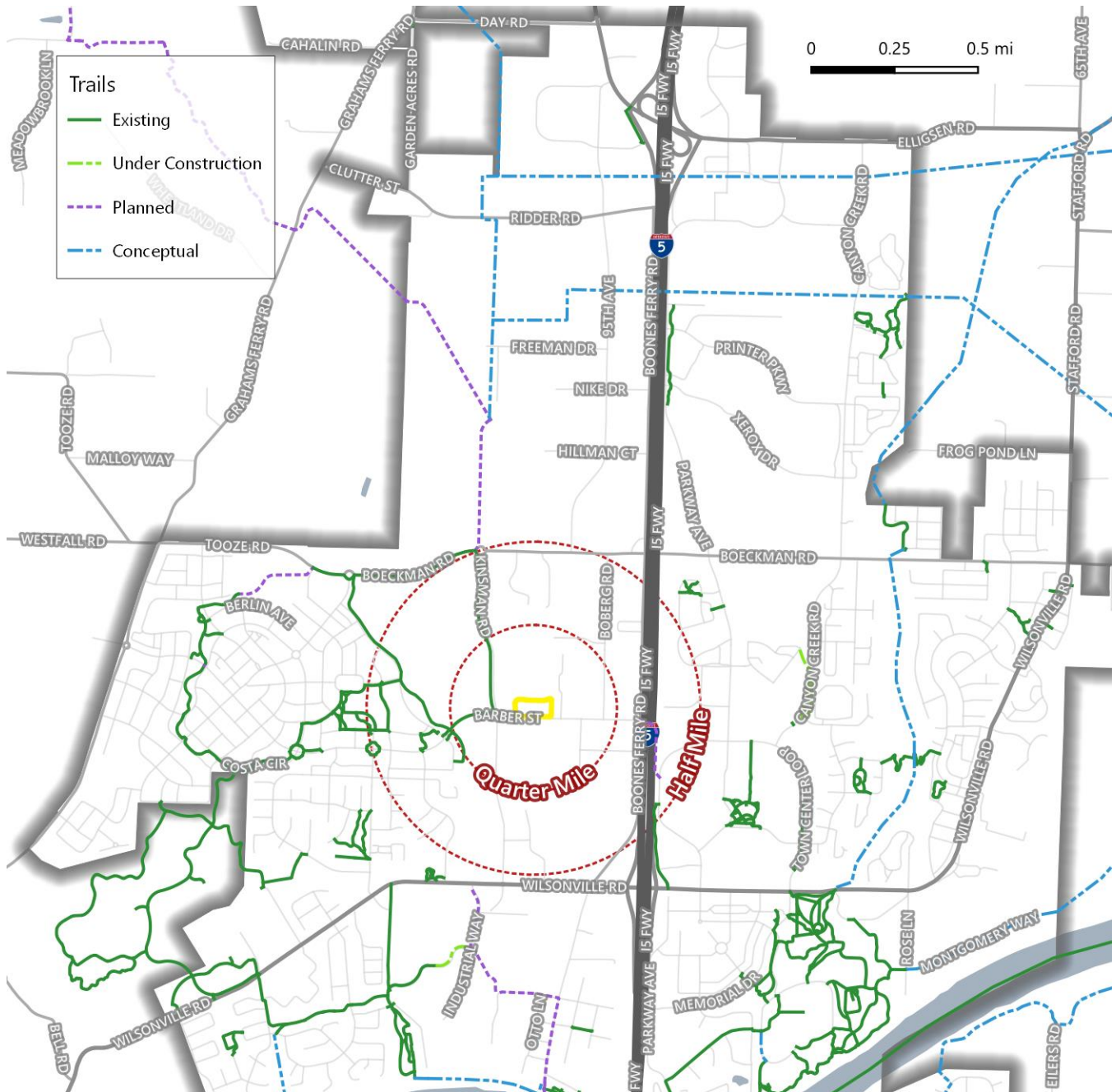
Source: SMART

Trails

Figure 5 below shows the existing and planned trail network in relation to the subject site.

When complete, the Ice Age Tonquin Trail (mostly shown below purple and green along Boeckman Rd, through Villebois, and continuing southwest) will be 22 miles in length and will connect the Willamette River in Wilsonville to Cook Park in Tualatin. Metro, in partnership with local cities and counties, lead the development of the Tonquin Trail master plan and development is now occurring at the local level.

Figure 5. Trails



Source: City of Wilsonville, Metro RLIS, LCG

Property Ownership

The area immediately surrounding the TOD Site (within a quarter-mile) is comprised of larger industrial, commercial, and vacant parcels. Many of the lots are publicly owned, primarily by the City of Wilsonville (including the City's Urban Renewal Agency), Metro, and TriMet. A majority of the publicly owned land is undevelopable, such as the 31.8-acre wetland area about a quarter-mile to the west.

Table 1. Property Ownership and Acreage



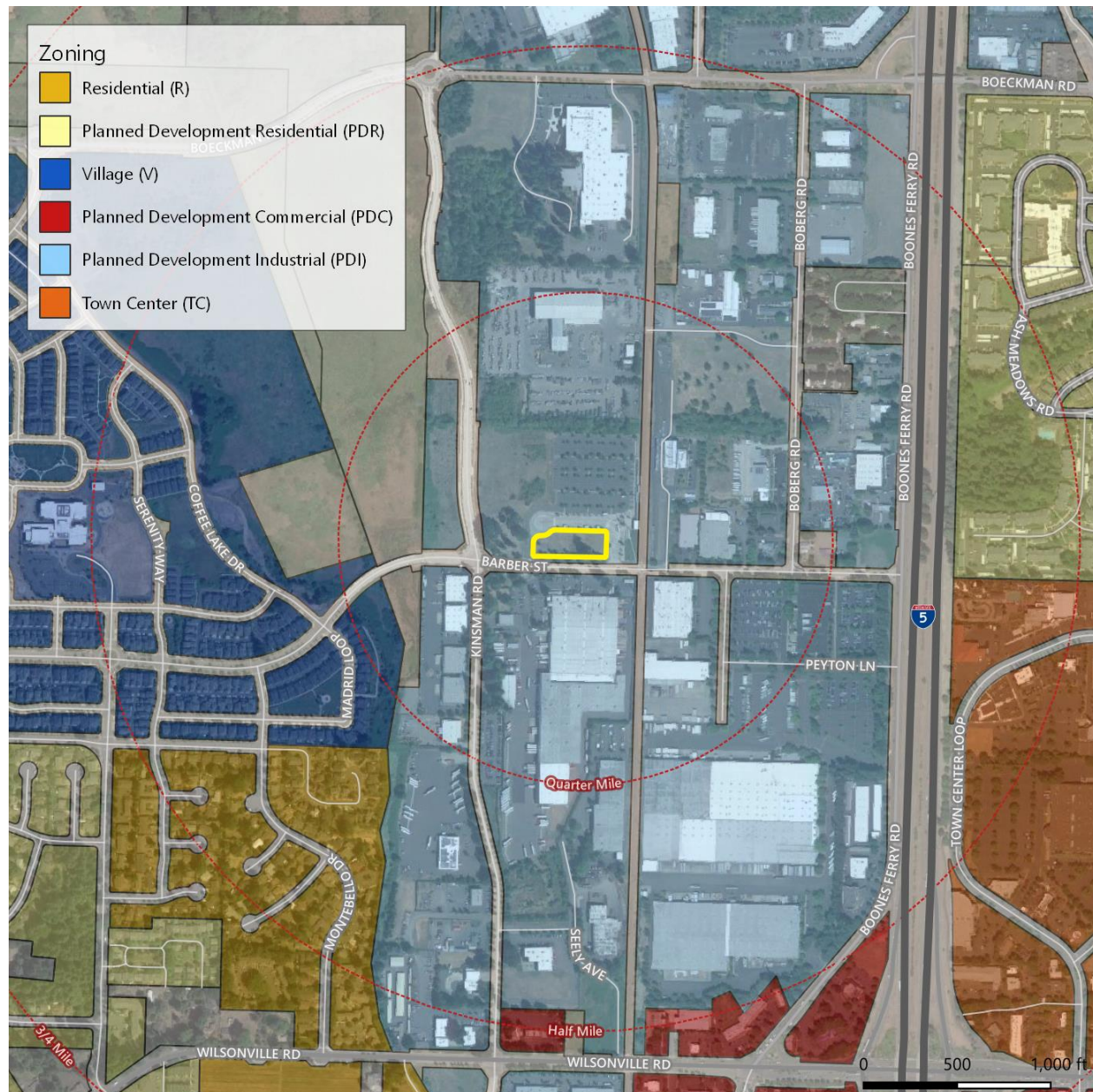
Source: Clackamas County Assessor, LCG

Zoning: West Side Overview

The TOD Site and Transit Center sites are zoned Planned Development Industrial (PDI). The purpose of the PDI zone is to provide opportunities for a variety of industrial operations and associated uses. Uses that are typically permitted include a range of industrial and employment uses, such as warehouses, storage and wholesale distribution, manufacturing and processing, motor vehicle services, fabrication, office complexes, corporate headquarters, call centers, research and development, and industrial services.

Other permitted uses also include any use allowed in a Planned Development Commercial (PDC) Zone, subject to some limitations. A more detailed evaluation of the zoning as it applies to the site is included on page 37.

Figure 6. Zoning Map



Source: City of Wilsonville, Metro RLIS, LCG

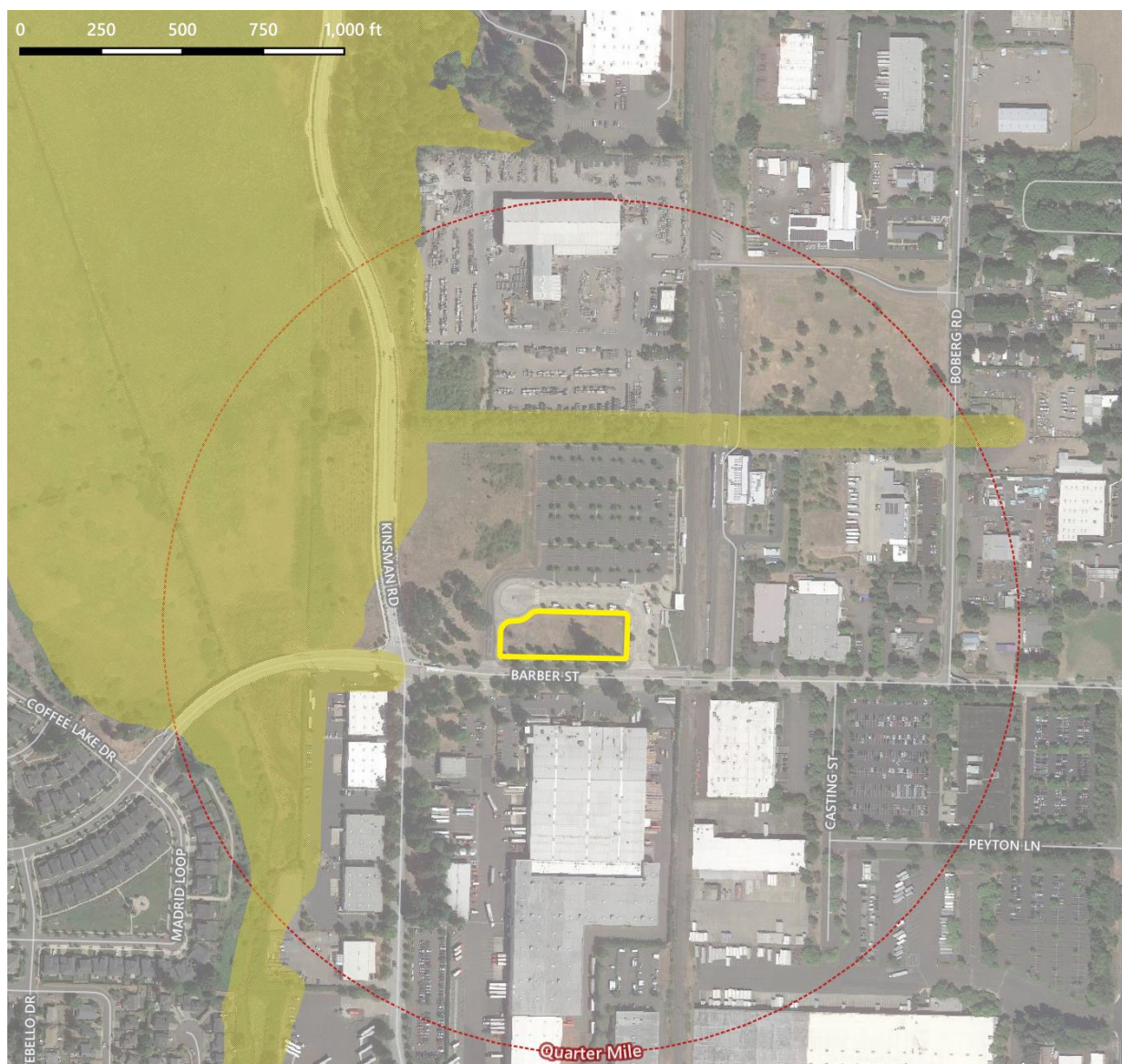
Environmental Regulations

This section describes the known environmental regulations that LCG is aware of that could affect development of the TOD and/or Transit Center sites.

SROZ Areas

Significant Resource Overlay Zone (SROZ) areas near the TOD site are shown in the map below. SROZ is defined in Wilsonville Development Code Section 4.139.00 as: "The delineated outer boundary of a significant natural resource that includes: a significant Goal 5 natural resource, lands protected under Metro's Urban Growth Management Functional Plan Title 3 (Water Quality Resource Areas), riparian corridors, and significant wildlife habitat." While development could theoretically occur in SROZ areas, any development must comply with the regulations set forth in Section 4.139.00, which are extensive. Therefore, LCG's baseline assumption is that no development will take place in an SROZ area.

Figure 7. Significant Resource Overlay Zone (SROZ) Areas



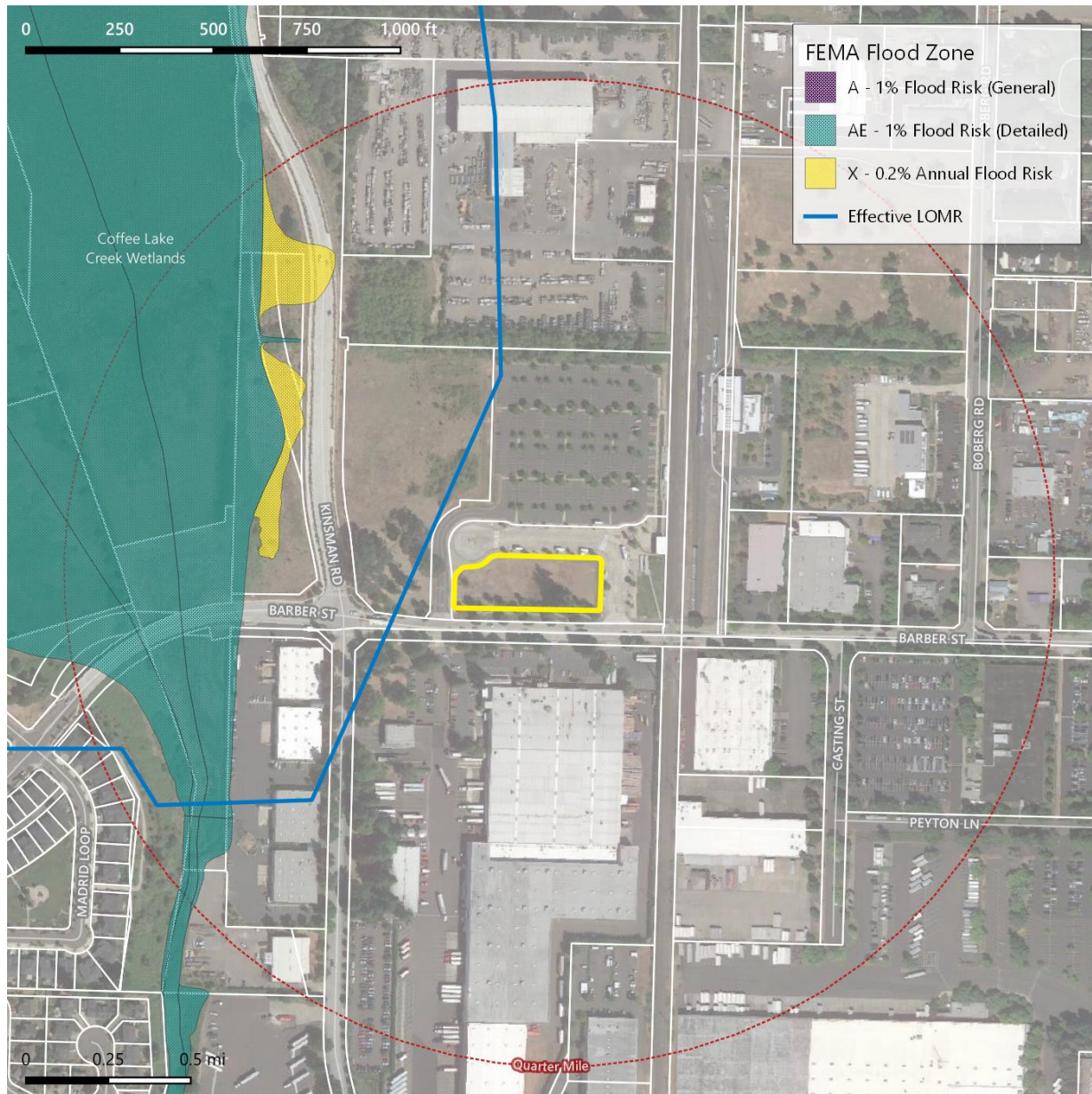
Source: City of Wilsonville, Metro RLIS, LCG

FEMA Flood Zones

The Federal Emergency Management Agency (FEMA) have developed flood maps as a way for communities to know which areas have the highest risk of flooding. Different levels of flood risks are given a flood zone and may require a property owner or developer to pay higher rates of insurance to protect their property if it is deemed at risk of flooding, which may be prohibitively expensive for new development.

Neither the TOD nor Transit Center sites are currently deemed at risk of flooding.

Figure 8. FEMA Flood Zones



Source: City of Wilsonville, Metro RLIS, LCG

The blue line indicates the presence of an “Effective LOMR” (Letter Of Map Revision).¹ It identifies the original flood plain line per the mapping. Since that time, Letters of Map Amendment (LORMs) have been published clarifying the flood plain limits with better survey data, modeling, etc. The actual flood plain line per FEMA based on their maps and all amendments is the light blue and yellow shaded areas, neither of which extend east of Kinsman Road.

Title 13 Lands

In the 1970s, Oregon established a set of 19 Statewide Planning Goals as part of a strong program for land use planning. Since that time, local jurisdictions have enacted various policies and rules in order to meet the intent of the Statewide Planning Goals. Goal 5—“to protect natural resources and conserve scenic and historic areas and open spaces”—requires local governments to adopt programs that will protect natural resources and conserve scenic, historic and open space resources for present and future generations.

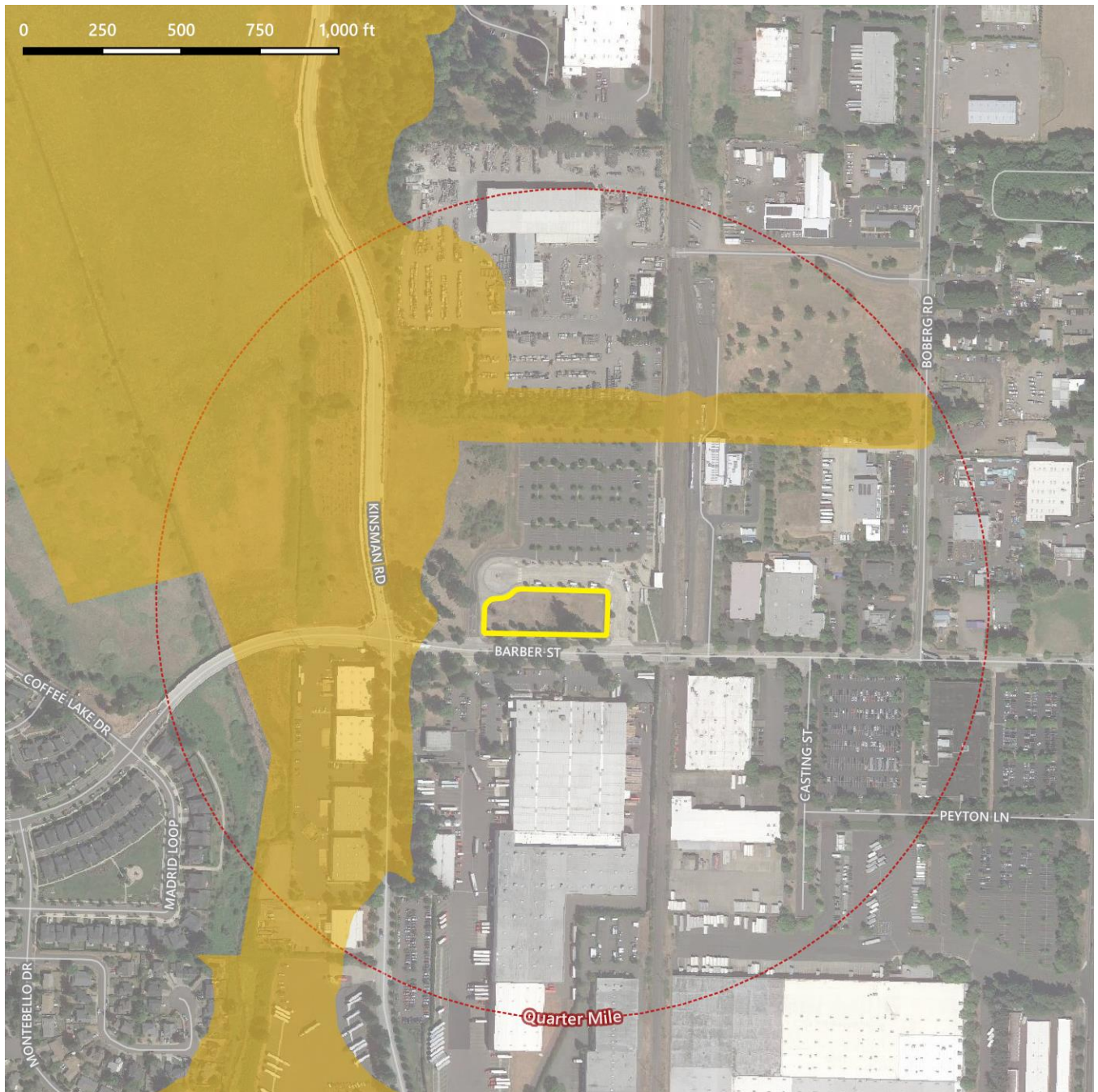
In 2005, the Metro Council adopted Title 13 (Nature in Neighborhoods) into its Urban Growth Management Functional Plan to meet Goal 5, which establishes standards for protecting natural resources, open spaces, and scenic and historic areas. Title 13 includes provisions that encourage habitat-friendly development practices (e.g., pervious paving options, alternative stormwater treatment facilities, transferable development rights, etc.) while also regulating development activity within designated Habitat Conservation Areas (HCAs).

With the earlier adoption of Title 3 (Water Quality and Flood Management), Metro had already established protections for streams and wetland areas designated as Water Quality Resources (WQRs). There is some overlap of HCAs with WQRs, and the new Title 13 regulations are intended to complement and enhance the existing Title 3 rules.

Title 13 lands are shown in the map below and cover a significant portion of the undeveloped area of the transit center site and a small northern portion of the parking lot. There are no Title 13 lands on the TOD subject site.

¹ <https://www.fema.gov/glossary/letter-map-revision-lomr>

Figure 9. Title 13 Lands



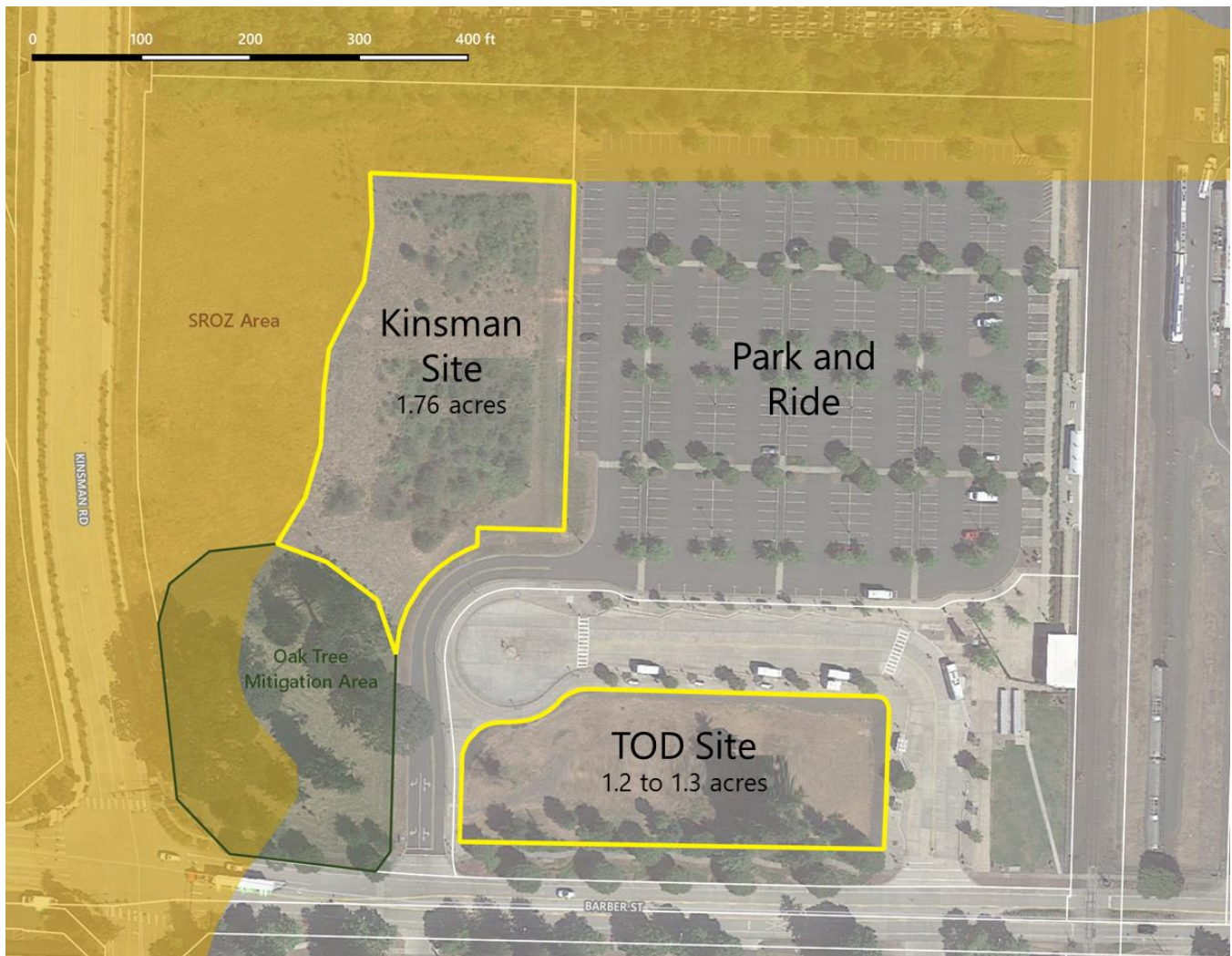
Source: City of Wilsonville, Metro RLIS, LCG

Mitigation Areas

The following map is a zoomed-in map that combines some of the elements shown previously, particularly the SROZ boundaries.

It also highlights an Oak Tree Mitigation Area (approximate area), which consists of large, mature oak trees that must be preserved as a mitigation condition of the Kinsman Road construction to the west. Neither the TOD Site, Park and Ride, nor the circulation areas of the Transit Center are impacted by known environmental or mitigation conditions. However, both SROZ and mitigation areas are located on the "Kinsman Site," which was identified in previous land use approvals as a location for future expansion of the existing park and ride. Attributes of these sites are explained in greater detail starting on page 30.

Figure 10. Wilsonville Transit Center: SROZ and Oak Tree Mitigation Areas



Source: City of Wilsonville, Metro RLIS, LCG

Note on Oak Tree Mitigation Area: LCG drew these based on Pages from DSL JPA Permit Application + Updates

Demographics

This section summarizes demographic attributes for a range of comparison geographies. One purpose is to understand how the surrounding population differs from other parts of Wilsonville or the County, as such differences could inform the types of affordable housing or commercial/community services provided at the site. In the tables below, Wilsonville *West Side* and *East Side* are referenced. For the purposes of this analysis, Interstate 5 is the dividing line between West and East Wilsonville. Each of the three buffers (0.5-, 1-, and 2-mile) are radii around the center point of the TOD subject site.

The following table provides basic information relating to household totals, growth, and size, tenure (renter/owner), age, and education. The table includes various shades of green that highlight the differences between each of the comparison areas (low = white, high = darkest green). Important takeaways include:

- West Wilsonville has experienced significant growth over the past decade, driven predominantly by the gradual building out of Villebois. There are still significantly fewer households in West Wilsonville than East Wilsonville, however, and very few close to the subject site.
- West Wilsonville has the largest household size of all comparison areas, is dominated by owner-occupied households, and is also the youngest in terms of median age. Combined, these indicators potentially indicate that a significant share of the households in this area are young family homeowners.
- The area immediately surrounding the site is a major employment hub. Two-thirds of the city's jobs are located within one mile of the site. The City of Wilsonville is also a major employment center overall, with nearly three times as many jobs as households.
- The Wilsonville population is generally more educated than the average Clackamas County resident.

Figure 11. Demographic Characteristics

	0.5-mile Buffer	1-mile Buffer	2-mile Buffer	Wilsonville West Side	Wilsonville East Side	City of Wilsonville	Clackamas County
2021 Households (est.)	602	5,057	10,571	3,776	6,738	10,514	164,025
'10-'21 Annual HH Growth	12.5%	5.9%	2.8%	4.7%	1.7%	2.7%	1.1%
2021 Employees (est.)	2,146	20,675	29,058	7,128	21,413	29,562	174,708
Household Size	2.16	2.23	2.26	2.72	2.07	2.30	2.56
% Renter	38.7%	42.9%	46.2%	25.2%	57.0%	45.6%	27.8%
Median Age	37.1	35.6	36.9	34.8	39.7	37.4	42.5
% w Bachelor's + (25+ y/o)	51.3%	50.2%	49.5%	45.5%	50.0%	48.1%	39.1%

Source: ESRI (from U.S. Census Bureau)

Select income characteristics are shown below. Takeaways include:

- Larger, more family-oriented households likely contribute to West Wilsonville's significantly higher household income and lower per capita income.

- A greater proportion of lower-income households live within one-mile of the subject site than on average in Wilsonville and Clackamas County.

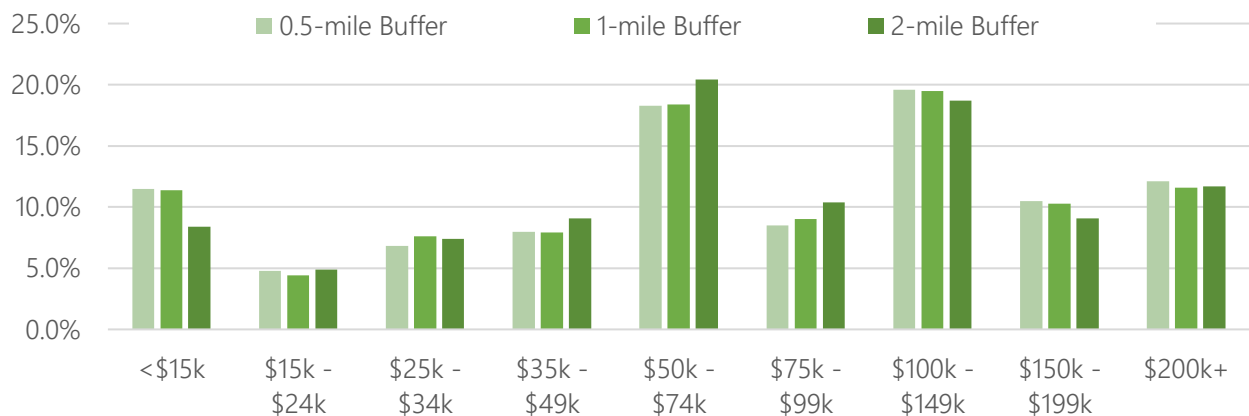
Figure 12. Income Characteristics

	0.5-mile Buffer	1-mile Buffer	2-mile Buffer	Wilsonville West Side	Wilsonville East Side	City of Wilsonville	Clackamas County
Household Income	\$76,573	\$75,694	\$74,740	\$100,787	\$66,933	\$73,923	\$79,738
% HHs Earning <\$35K	23.1%	23.4%	20.7%	20.5%	21.1%	20.9%	18.3%
Per Capita Income	\$46,992	\$45,285	\$45,025	\$42,632	\$44,956	\$43,928	\$42,014

Source: ESRI (from U.S. Census Bureau)

As the following figure shows, the largest proportion of nearby households (about 18 percent) earn between \$50,000 and \$74,999 and between \$100,000 and \$149,999. About 20 percent of households within one mile of the subject site earn less than \$35,000 per year.

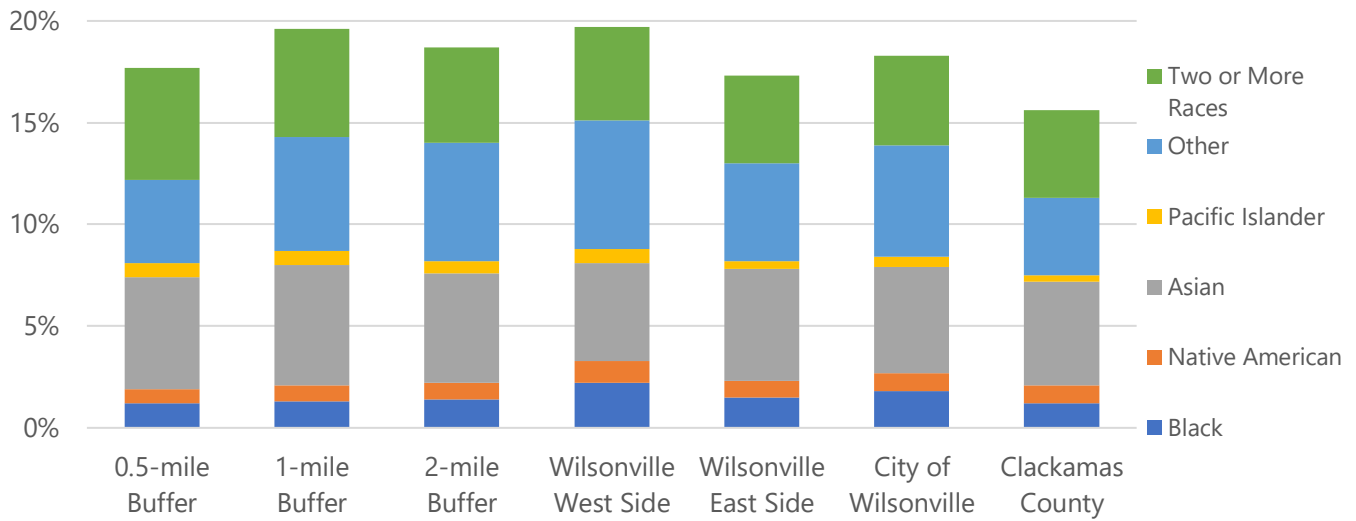
Figure 13. Households by Income, 2021 (est.)



Source: ESRI (from U.S. Census Bureau)

The Wilsonville population is generally more diverse than Clackamas County, and West Wilsonville is particularly diverse in comparison. Within one mile of the site, there is a significant Asian population (5.9 percent of the total, compared to 5.2 and 5.1 percent for Wilsonville and Clackamas County, respectively).

Figure 14. Population Race/Ethnicity, 2021 (est.)



Source: ESRI (from U.S. Census Bureau)

More detailed age characteristics for the various comparison geographies are shown in the table below.

- Almost half (46.4 percent) of the Wilsonville population is under the age of 35, compared to around 41 percent in Clackamas County.
- The population of the Wilsonville West Side and within one mile of the site is especially young. There is a significantly lower population of senior residents in both these areas.

Table 2. Population Age Characteristics

	0.5-mile Buffer	1-mile Buffer	2-mile Buffer	City West Side	City East Side	City of Wilsonville	Clackamas County
2021 Pop (est.)	1,300	11,286	24,356	11,361	14,306	25,667	423,494
<18	22.2%	23.4%	21.5%	21.7%	18.6%	20.0%	20.7%
18-34	24.6%	25.7%	25.7%	28.6%	24.6%	26.4%	20.0%
35-44	14.2%	14.6%	13.8%	15.1%	13.4%	14.1%	12.4%
45-54	11.9%	12.0%	11.5%	12.9%	10.2%	11.4%	12.8%
55-64	12.2%	11.6%	11.9%	11.2%	11.9%	11.6%	14.8%
65+	14.9%	12.7%	15.6%	10.5%	21.3%	16.5%	19.3%

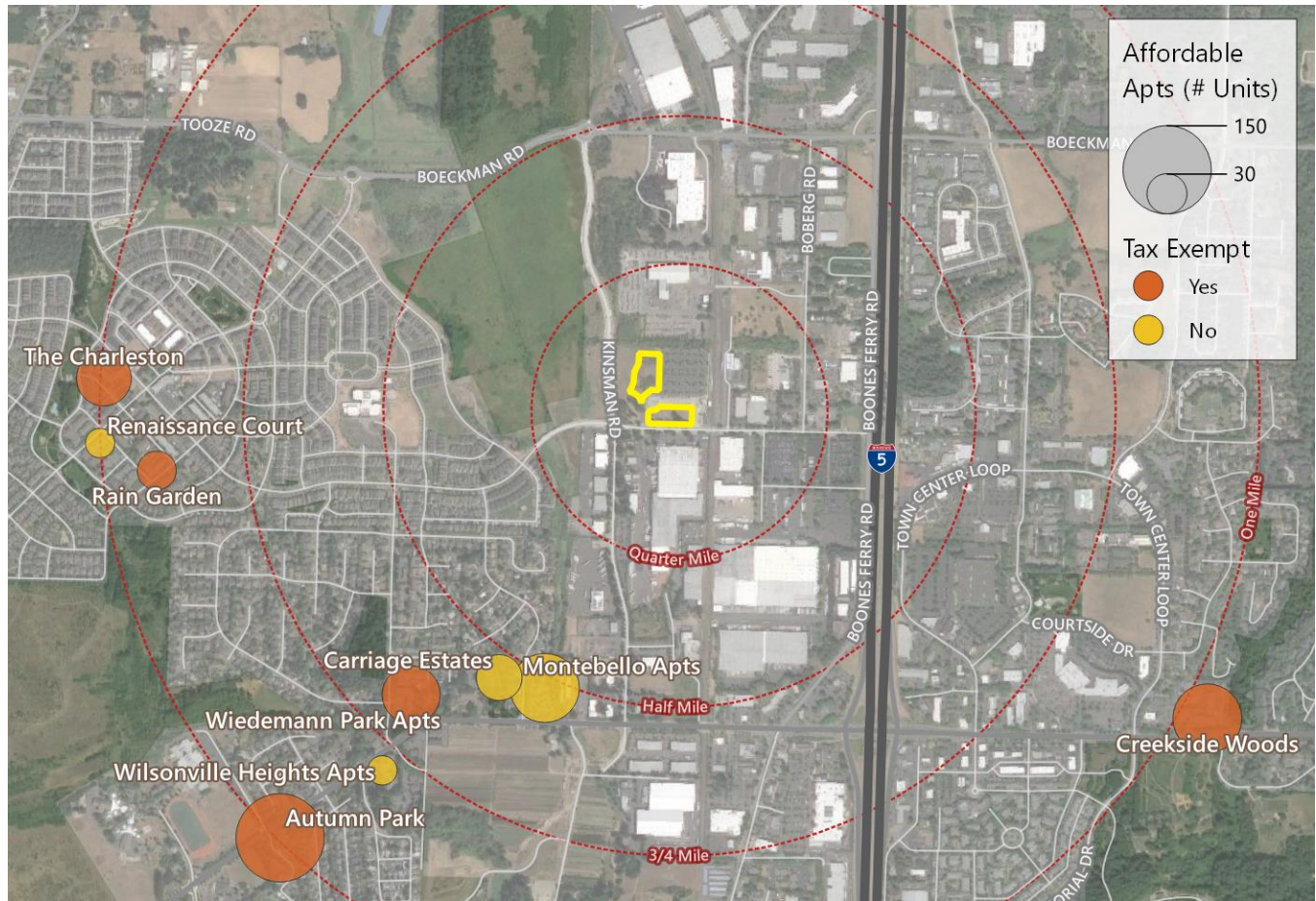
Source: ESRI (from U.S. Census Bureau)

Real Estate Market: Affordable Housing and Commercial Space

Affordable Housing

The City of Wilsonville has eight affordable apartment projects, five of which are tax exempt. All eight projects are shown in the map below and further data about the five tax-exempt developments is shown in the table that follows.

Figure 15. Affordable Housing in Wilsonville



Source: City of Wilsonville, LCG

Table 3. Tax Exempt Affordable Apartments, Wilsonville

Apartment	Population Served	Number of Units	Parking Ratio	Year Built	Assessed Value (2020)	Est. City Tax Abatement
Autumn Park	Family	144	1.0	1988	\$8,636,427	\$39,769
Charleston	Family	51	0.4	2009	\$1,622,618	\$7,472
Creekside Woods	Senior	84	0.48	2010	\$1,978,086	\$9,109
Rain Garden	Low Income, Referral Only	29	0.3	2009	\$917,242	\$4,224
Wiedemann Park	Senior	57	1.1	1998	\$2,750,108	\$12,664
Total		365			\$15,904,481	\$73,239

Source: City of Wilsonville

Of the non-tax exempt affordable apartments in Wilsonville, Wilsonville Heights and Montebello serve family populations and Renaissance Court is low income, referral only.

The following two pages highlight three of the five affordable housing projects that were built in 2009 to 2010. Information for these three properties is more readily available due to age, and the deal structures are likely more relevant than the other two properties that were built more than two decades ago.

Creekside Woods Apartments

Creekside Woods is a public-private partnership project that offers 84 affordable apartments for seniors. Forty-four units are reserved for seniors aged 62+, which are subsidized through HUD's 202 program; the remaining units are available to seniors age 55+ who earn a qualifying low income. Eligibility is based on annual income. The project also received tax credits through the Oregon Housing Authority.

Creekside Woods is located on the former Wesleyan Church property, which the Urban Renewal Agency of the City of Wilsonville (URA) acquired to provide a site for the development of senior affordable housing. The URA entered into a memorandum of understanding on December 3, 2007, with Northwest Housing Alternatives Inc. (NHA), the awarded proposer, to design and construct affordable senior housing.



Source: Costar

The City of Wilsonville and NHA entered into a Disposition and Development Agreement, and NHA subsequently received land use approval from the City's Development Review Board (DRB) for an affordable senior housing development of 84 units. The URA owns the site and ground-leases the property to Creekside Woods Limited Partnership, as designated in the Master Ground Lease agreement, for purposes of constructing and operating the affordable senior housing development.²

Because it is an affordable senior housing project and both seniors and lower-income households sometimes have lower car ownership rates, Creekside Woods was provided a waiver to park at 0.48 parking spaces per unit (40 spaces for 84 units)—significantly below the 1.25 to 1.75 spaces that is generally required for apartment units per the City's development code. Lower parking ratios can enable more senior and affordable housing to fit into compact sites, and this is one issue that will likely be explored at the TOD Site. However, there have apparently been recurring concerns in the community that Creekside Woods has too few parking spaces, and demand for resident parking may spill onto nearby sites.

² Source: NHA, City of Wilsonville [Joint Venture Agreement](#)

Rent ranges from \$767 per unit for a one-bedroom apartment (\$1.27 per square foot per month) to \$858 for a two-bedroom (\$1.22 per square foot per month). There are 77 one-bedroom units and seven two-bedroom units. There are 40 surface parking spaces available (0.48 per unit).

The project was built in 2010 and includes 104,000 square feet of building area on 6.74 acres of land.

The Charleston Apartments

The Charleston is a 52-unit affordable housing project in Villebois that was built in 2009 on 0.5 acres of land. Total building area totals 33,000 square feet. The site was purchased in June 2008 for \$277,500 (\$12.74 per square foot).

All apartments are one-bedroom, one-bathroom units that rent for about \$1.00 per square foot per month (\$629 per unit per month). There are 22 surface parking spaces available (0.42 per unit).



Source: Costar

Rain Garden Apartments

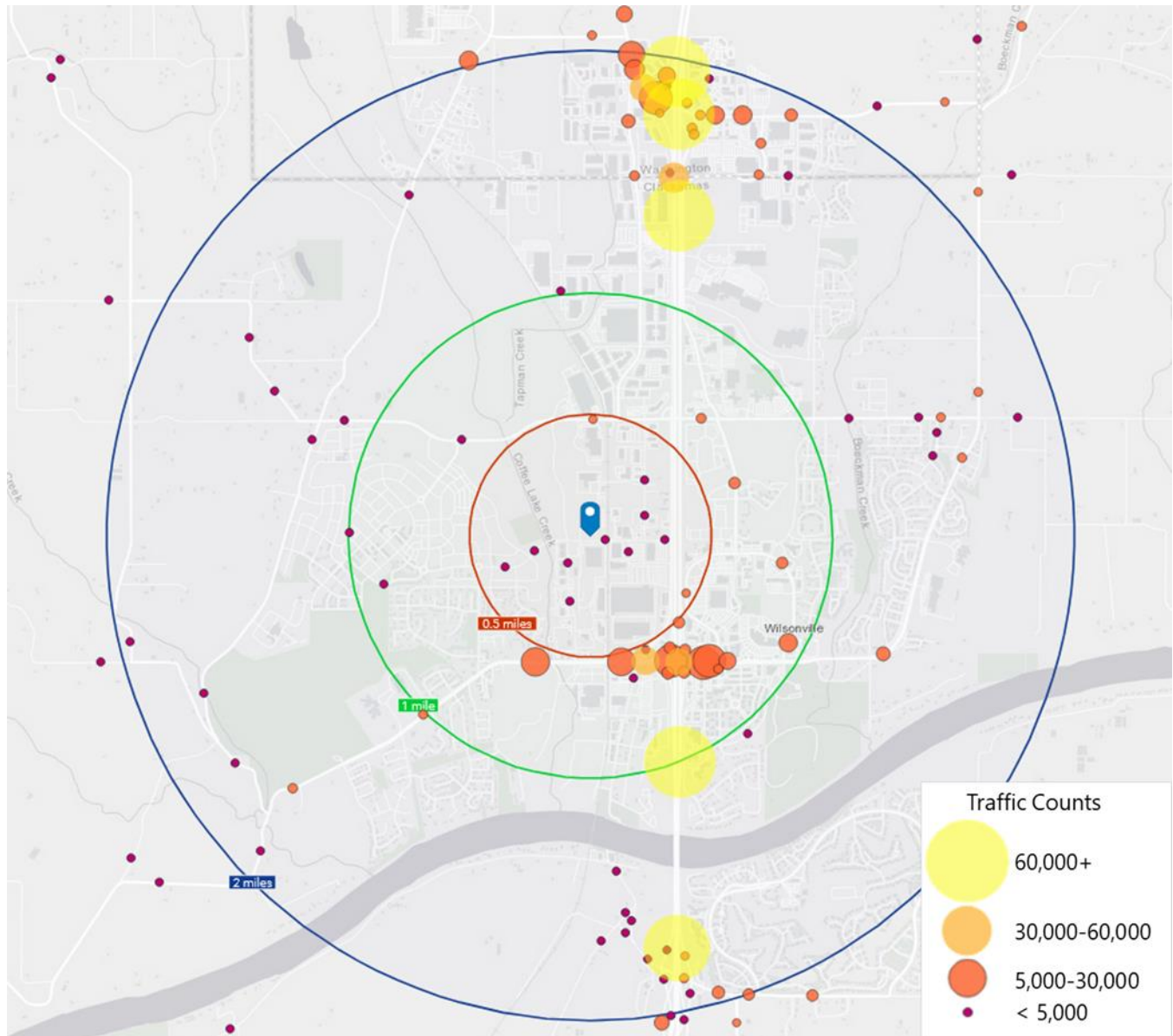
Rain Garden, located in Villebois, offers 29 studio apartments for adults exhibiting signs of mental illness. The 21,243 square foot building receives funding from Low-Income Housing Tax Credits (LIHTC) (which necessitates that a certain number of units are set aside for households earning less than 50% or 60% of the area median income) and the Home Investment Partnerships Program (which necessitates that at least 20% of all units are occupied by families earning less than 50% of AMI).



Traffic Counts: Visibility for Commercial Spaces

The amount of auto trips on roads that front the site is one factor that is taken into account by developers, commercial brokers, and business owners considering building commercial space or locating at a given site. In most cases, commercial tenants prefer higher traffic counts, since this indicates that more potential customers see their storefront each day, and their store is more visible and accessible. It may correspond to higher population and employment counts in the surrounding market area. Average Daily Trips (ADT) near the site are shown below. The source of the traffic count data is ESRI, which collects counts from various sources, projects, and years. As such, the counts shown below should simply be considered an indication of high-level trends and not an up-to-date comprehensive dataset.

Figure 16. Traffic Counts (Average Daily Trips) Near the Site



Source: ESRI.

Local roads generally carry 5,000 or fewer trips per day and are seen as less desirable for major regional or national tenants. Major arterials usually carry more than 10,000 trips per day and are preferred by tenants. Barber Road, south of the subject site, carries fewer than 5,000 cars per day. Any commercial space would likely be placed more than 200 feet east of the intersection with Kinsman Road, and it likely would not be highly visible from Kinsman.

General Commercial/Retail Space

Because TOD development at the site may include commercial space, the state of Wilsonville’s commercial market is summarized here. Commercial rents vary widely in the City, depending on the location, exposure/visibility of the property, anchor tenants in the center, and other factors. Asking rents for new leases in the City of Wilsonville between 2016 and 2021 are shown below and range from \$12.00 to \$33.50 per square foot triple net (NNN, i.e., tenants pay property taxes, insurance, maintenance, and utilities), with an average of \$19 per square foot NNN.

Rents are of critical importance to developers of mixed use buildings (affordable or market rate), since developers look to commercial rent revenue to cover the costs of construction and operation of the commercial spaces. If commercial rents are too low, commercial projects do not cover their costs or “pencil.” As discussed in more detail below, the affordable housing funding sources that LCG is aware of do not pay for the cost of building or operating commercial space.

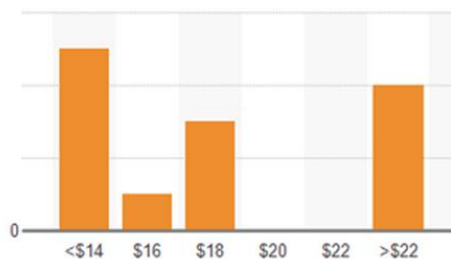
Near the subject site, LCG identified one comparable commercial space within the mixed-use Domaine at Villebois. This building, like the subject site, fronts on streets with relatively low traffic volumes. Brighten Montessori School leases 1,620 square feet on the ground floor for \$15 per square foot; the lease was signed in June 2017. Other spaces in this building are leased for \$14 per square foot NNN. In the Town Center, recent leases (fall 2020) have been signed for \$18 per square foot NNN. By contrast, Argyle Square, about 1.75 miles to the northeast near the Elligsen Road/I-5 interchange, with much greater visibility than the subject site, has one of the highest asking rental rents, asking \$32 to \$35 per square foot per year triple-net.

Figure 17. General Commercial/Retail Rents for New Leases, City of Wilsonville, 2016 to 2021

Rents Per SF	Survey	Low	High
NNN Asking Rent	\$19.12	\$12.00	\$33.50
NNN Starting Rent	\$15.00	\$15.00	\$15.00
NNN Effective Rent	\$16.31	\$16.31	\$16.31

Concessions	Survey	Low	High
Months Free Rent	-	-	-
TI Allowance Per SF	-	-	-
Concessions	-	-	-
Asking Rent Discount	0.0%	0.0%	0.0%
Annual Rent Increase	3.0%	3.0%	3.0%

Deals by Asking Rent (NNN)



Domaine at Villebois



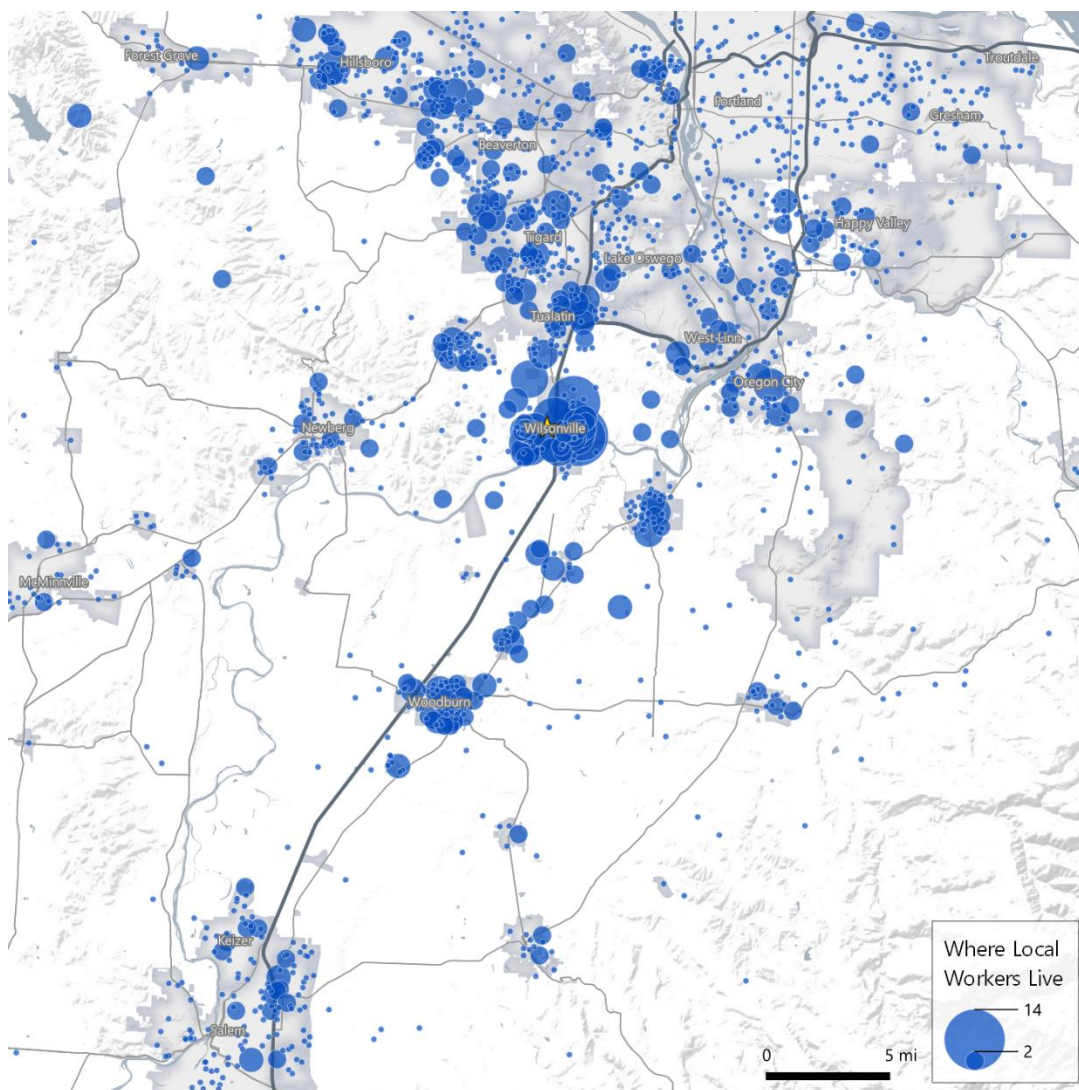
Based on this information, LCG expects to use a lease rate of between \$18 and \$25 per square foot NNN for financial modeling purposes. This is much lower than the rents that would be needed to justify speculative new commercial construction. Commercial developers active in the metro region have stated that NNN rents in the mid-\$30s to \$40+ per square foot are required for new space, however, the actual rent depends on the costs of land, construction, and other factors. Wilsonville’s retail development pipeline is limited and follows three years of no new construction. The commercial real estate environment, and particularly the retail sector, remains uncertain thanks to the pandemic. Even with vaccines, it is probable that retailers will continue to be impacted for the foreseeable future, impacting demand, rent growth, and the capital markets in the process.

Commute Patterns of Local Workers

As of 2018, per Longitudinal Employer-Household Dynamics (LEHD) employment data from the US Census Bureau, approximately 2,600 people worked within a half-mile of the site. Of these, about 100 lived on the west side of Wilsonville and 120 lived on the east side, meaning only about 10 percent of these local workers were also Wilsonville residents. The vast majority lived in the rest of the Portland metro region to the north. Just 300 lived in the area encompassing Sherwood, Newberg, and Canby, and another 300 lived in the area encompassing McMinnville and Salem.

- About 33 percent lived within 10 miles of the site (primarily Wilsonville and the SW Portland metro region)
- 45 percent lived between 10 to 24 miles from the site (deeper into the Portland metro region).
- 22 percent lived more than 25 miles from the site

Figure 18. Home Locations of Employees Who Work Within a Half-Mile of the Site



Source: LEHD (2018)

About half of these local workers earn more than \$40,000 per year, one-quarter earn between \$15,000 and \$40,000, and one-quarter earn less than \$15,000 (likely indicating that part-time employment accounts for a significant proportion of jobs). These categories (e.g., more than \$40,000) are provided by the Census' LEHD program, and unfortunately do not provide a significant amount of specificity about households' earnings—for example, we cannot tell how many households are earning more than \$60,000 per year. In terms of industries, Administration, Waste Management, and Remediation accounts for 26 percent of these jobs, Wholesale Trade accounts for 22 percent, Manufacturing accounts for 20 percent, and Transportation and Warehousing accounts for 13 percent.

Out of all cities, Portland houses the most local workers (10.5%), following by Wilsonville (8.5%), Salem (5.1%), Beaverton (3.8%), Hillsboro (3.8%), Tigard (3.2%), Woodburn (3.2%), and Tualatin (2.4%). These commute patterns are relatively consistent across all demographic and income characteristics.

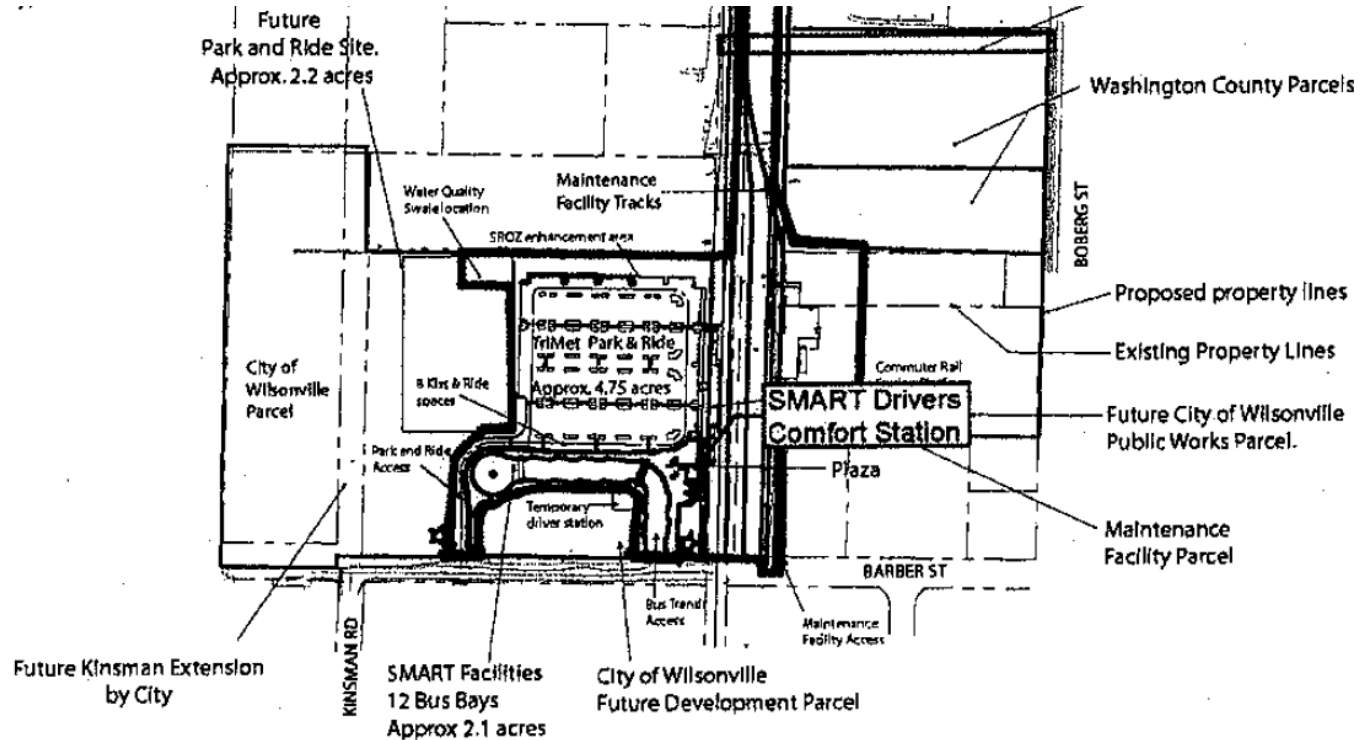
The Site: Wilsonville Transit Center and TOD

Site History

During the 1990s, the Cities of Wilsonville, Tualatin, Tigard, and Beaverton, together with Washington County, TriMet, and the Portland & Western Railroad, began planning of what ultimately became the Westside Express Service (WES) commuter rail line.

This process ultimately led to the construction of the Wilsonville Transit Center site, including the park and ride, bus bays, boarding platforms, TOD Site, and other features that we see today. Figure 19 below shows one drawing of the Wilsonville Transit Center site that was prepared for a City application in 2008 and shows the major features of the site that are in place today.

Figure 19. "Washington County Commuter Rail Stage 2 Master Plan," City of Wilsonville, 2008.



Through the Wilsonville Commuter Rail Station & SMART Improvements Development Application in 2006, the applicants (TriMet and the City of Wilsonville/SMART), sought approvals for the desired Wilsonville Transit Center uses under an extensive set of City development applications: Zone Change, Stage I and II Planned Development, Site Design Review, Type C Tree Permit, and Significant Resource Impact Report Review. The zone change was from RA-H (Residential Agriculture-Holding) to PDI, the current zoning. The application was approved. Construction began after this approval and was completed for nearly the entire site in 2008.

The following is one excerpt from this application that shows the thought process behind the location of the overall Transit Center:

“The Draft and Final Environmental Assessments for the Commuter Rail Project analyzed two possible sites for the Wilsonville commuter rail terminus facilities. One site was located directly east of the freight rail corridor and west of SW Boberg Road. The other site was located directly west of the freight rail corridor and north of SW Barber Street.

The Federal Transit Administration (FTA) issued a Finding of No Significant Impact in April of 2001 and provided authorization for the purchase of specific properties on behalf of the Project. Based on the FTA authorization, Washington County purchased 18.87 acres (County Property) east of the rail corridor on June 20, 2002, to accommodate the commuter rail station platform, park & ride (400 spaces), transit center with six bus bays, and commuter rail maintenance facility.

Early in the final design process for the project, the City, County, SMART, and TriMet identified the need to maximize operational efficiencies at the Wilsonville terminus through shared parking and a joint Commuter Rail/SMART transit facility. The parties agreed in principle to:

- a. Shift the public functions (station platform, bus bays, and shared commuter rail and transit center park & ride lot) to the west side of the railroad tracks; and
- b. Retain the location of the Commuter Rail maintenance facility and storage track on the County Property east of the railroad tracks.

On August 19, 2004, FTA provided authorization for the City of Wilsonville to purchase the 21.12-acre property (City Property) west of the railroad corridor and north of SW Barber Street.” (Section 1, pages 4-5, August 18, 2006.)

Development of most of the site was permitted together, with the exception of the SMART Operators’ Break and Public Restroom Building, which was approved in 2009.

Key Takeaways. Key takeaways relevant to this TOD Strategy include:

- The “TOD Site” has been identified and approved by the City as a development site since at least 2008. The map above identifies the TOD Site as “City of Wilsonville Future Development Parcel.”
- Land use applications that were reviewed and approved by the City envisioned that the existing parking lot could be expanded to the west, into what was then identified as “Future Park and Ride Site” and which this report has referred to as the Kinsman Site.
- Both of these site uses received approval under a variety of City review and approval processes, including Stage I and II Planned Development.
- Deviations from these approved uses may require additional approvals. For example, if the future park and ride site were to be made available for some other uses.

Figure 20. Wilsonville Transit Center and TOD Site: Current Aerial Map

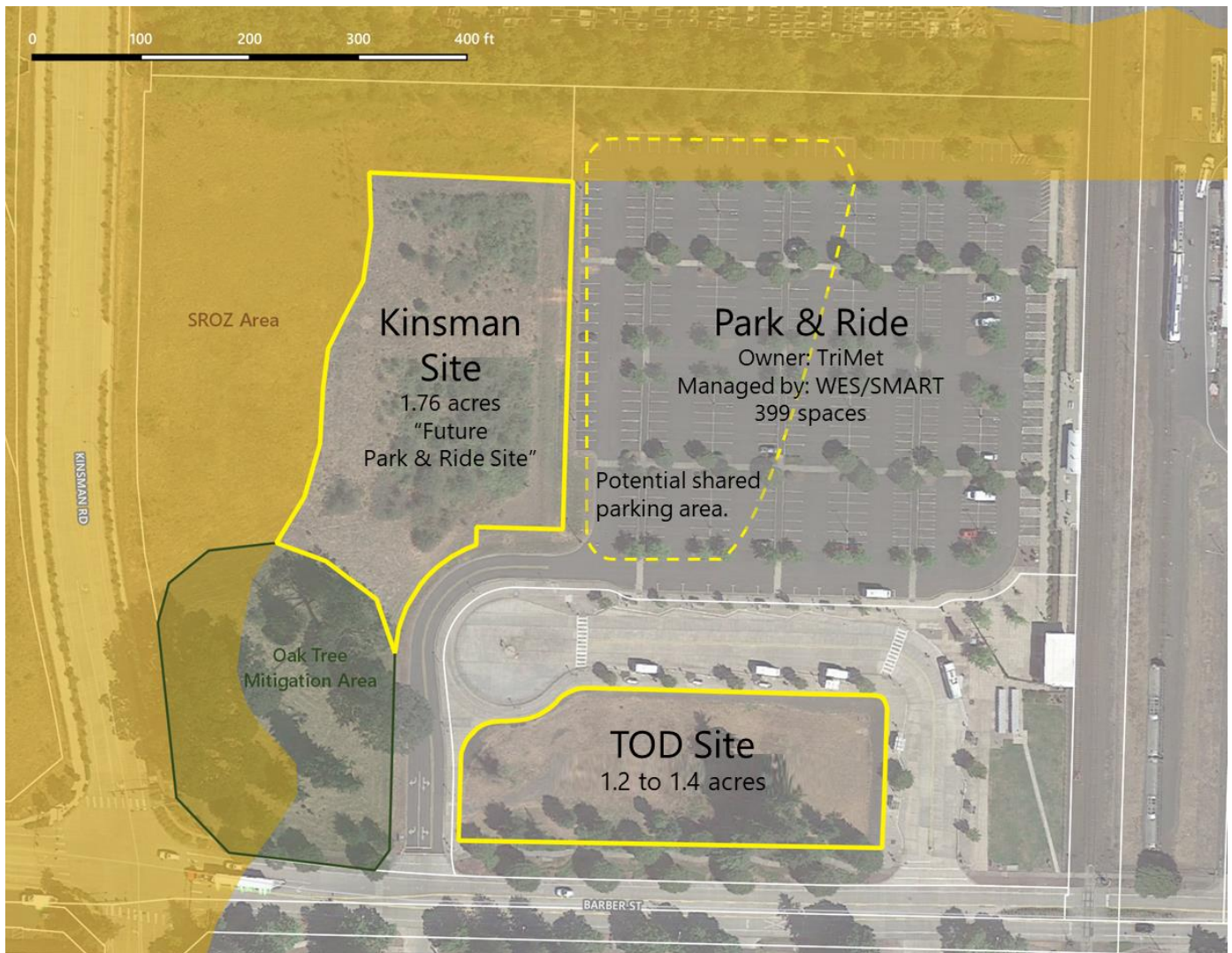


Parking and Park & Ride Management

Determining how and where to provide parking for the future TOD will be an important component of this site planning process.

There are multiple locations where parking for the TOD could be provided: on the TOD site; on the existing park & ride lot, shared with transit users; and on the Kinsman Site, potentially shared with transit users. A potential shared parking area is shown below, along with other site features.

Figure 21 Site Context



Source: City of Wilsonville, Metro RLIS, LCG.

The park and ride has 399 parking spaces. It is owned by TriMet, and according to TriMet, operated by WES. TriMet has also granted SMART the authority to manage its use on a day to day basis.

TriMet has conducted single-day “spot” parking occupancy counts in several past years. LCG’s understanding is that these counts were completed during the daytime peak period, when the greatest amount of cars would be parked on site. The results of those counts are shown in Figure 22 below. During the three years when these counts were conducted, the park and ride was 50% occupied during peak hours on average. The LCG team conducted a visual count at 10am during a summer 2021 weekday—a period of lower overall transit ridership due to the COVID-19 pandemic—and the park and ride was less than 10% occupied at this time. We assume that park and ride occupancy may return to its pre-COVID occupancy over time as ridership returns to its historic average.

Figure 22. Wilsonville Transit Center Park & Ride Occupancy, 2015 to 2017

Year	Capacity (Spaces)	Daily Use	Occupancy %
2015	399	150	38%
2016	399	260	65%
2017	399	185	46%
Average		198	50%

Source: TriMet.

Shared Parking. During the weekday peak parking demand time, it is reasonable to assume that in the future nearly 200 parking spaces will be unoccupied. After 5:00 or 6:00 pm, SMART staff told LCG that it is reasonable to assume that no cars are parked in the park and ride, and that therefore there would be 399 unoccupied spaces.

This represents an opportunity for shared parking.

Shared parking is a best practice in TOD planning. It enables more uses to be accommodated on a given site, and in particular enables planners to site more housing near transit stations. In many developments, the area allocated to parking is larger than the area developed as buildings. In addition, sharing parking significantly reduces the cost of building parking for TODs, particularly because multistory, mixed-use TODs sometimes require structured parking, which is expensive (\$20,000+ of additional hard cost of construction per space). By reducing development cost, more affordable housing units become feasible.

During stakeholder interviews conducted as a part of this project, TriMet and SMART indicated their openness to sharing parking on this site between future TOD residents and the park and ride. TriMet’s project work and policy documents also indicate a high level of receptivity for shared parking, assuming that shared parking does not diminish the agency’s ability to serve other transit riders. TriMet has implemented a shared (residential, commercial, and park-and-ride) parking structure at the Platform District/Orenco Station in Hillsboro. TriMet is also involved in a proposed affordable housing TOD project at the Elmonica Station in Beaverton in which the developers are planning to share parking among multiple uses. Over the past several years, TriMet has also been working with affordable housing developers at the Fuller Road Station on the MAX Green Line. At that station, part of TriMet’s park and ride lot is being redeveloped as a 100-unit affordable housing project. Resident parking (at 0.8 parking spaces per unit) will be provided

on area that was formerly part of the Fuller Road park and ride. Past TriMet policy analyses have also highlighted the benefits of shared parking.³

On Street Parking. Barber St. is identified in the City TSP as a Collector. The cross section for a Collector includes on street parking. However, historically, the City has not allowed on-street parking in industrial areas due to conflicts with truck traffic. Therefore, LCG assumes that no on-street parking will be permitted as part of the TOD.

TOD Site Conditions

Barber St. Frontage. The southern edge of the TOD Site is shown below. Barber St. is three lanes in this location, including a center turn lane and two drive lanes, and bike lanes on the north and south. As mentioned above, on street parking has historically not been allowed on collector streets in Wilsonville’s industrial areas. Along the southern edge of the TOD Site, this photo shows a planted area, a curving sidewalk around which is planted a series of deciduous street trees, several taller Douglas Fir trees towards the middle of the site, and (at right) a basin/depressed area at right on the site. The planted areas contain engineered curb inlets and swales that collect, detain, and filter stormwater. There is also utility infrastructure in the frontage, including a PGE vault, a fire hydrant, and likely some amount of sewer and water pipes (the Leland team’s assessment of utility infrastructure is underway but incomplete).

The sidewalk and frontage on the TOD Site are unusual and different from the frontages immediately to the west and east.



Source: Google maps.

The Leland team will be looking for ways to retain all the trees on the site, particularly the Douglas Firs. A final determination regarding which trees would need to be retained will be determined at the time of development and will be informed by an arborist’s report and will depend in part on the health of the trees, particularly the Douglas Firs.

³ *Community Building Sourcebook*, TriMet, 2007. *TriMet’s Park and Ride Program / TOD Planner Idea Exchange* presentation, Young Park/TriMet, 2009. Also see: *Community Investment Toolkit Volume 2: Innovative Design and Development Codes*, Metro, 2008.

Nonetheless, LCG's understanding is that, if necessary for development of affordable housing, some trees may need to be removed.

This frontage likely has several implications for development of the site. First, it is not clear what the exact developable area of the site is as it will depend on the future design of this frontage. For that reason, we currently list an approximate site size of between 1.2 and 1.4 acres. Second, because of the features described above (winding sidewalk, trees, engineered swales, PGE vault) it is likely to be costly or infeasible to modify or replace. For example, moving the PGE vault would be very expensive; modifying the swales might require that their stormwater management functions be recreated elsewhere on the site. This may add cost and complexity to the TOD development process. Third, the frontage presents challenges for commercial space on the site. Ideally, any commercial space is highly visible and accessible, with parking on-street, on-site, or both. The existing trees and frontage improvements limit visibility and may make accessing commercial spaces more difficult. With no on street parking allowed, most or all parking will need to take place on site. The park and ride parking to the north is too far away to serve commercial tenants. The Leland team will be considering these issues and features as we prepare site development concepts.

TOD Site Dimensions. The TOD Site is currently part of a 3.4-acre tax lot that includes SMART bus circulation lanes and other site features. This tax lot will need to be partitioned by the City before it can be sold or leased to a TOD developer and developed. As mentioned above, LCG's current estimate is that the future TOD parcel will be 1.2 to 1.4 acres in size.

The dimensions of the TOD Site appear to be adequate to accommodate the development of one or more buildings that include housing and/or commercial space. The site is approximately 388 feet wide (east to west) and 155 feet deep (north to south). This depth will easily accommodate most multifamily apartment buildings, which are approximately 65 feet deep. At four stories, an approximately 100 unit building can fit on the site, which is a reasonable size for an affordable rental housing project.

However, as mentioned above, a significant challenge will be accommodating the parking required for residential and commercial uses.

Basin. As shown in the photos above and below, most of the site is depressed below the grade of the surrounding streets and sidewalks. This is most visible on the eastern side of the site, where the site is between 4 and 6 feet lower. Towards the western end of the site, the site is less than 3 feet lower, and in some cases is higher than the surrounding streets.

Development may therefore require that some fill be imported, or that other earth moving/site preparation approaches are used, which will increase the cost of development, but should be manageable.



Zoning and Entitlement

This section describes the existing zoning that applies to the TOD Site, as well as some alternative ways that the site could be regulated, including via Senate Bill 8, an Overlay Zone, or other approach.

Existing Zoning: PDI

Permitted uses. The Site is currently zoned PDI (Planned Development Industrial), which is intended to provide opportunities for a variety of industrial operations and associated uses. Among the uses that are typically permitted in the PDI zone is “any use allowed in a PDC Zone” (4.135.03.O). The PDC (Planned Development Commercial) zone permits retail, office, and service uses, and also “any use allowed in a PDR Zone or PDI Zone” (4.131.01.A.5). The PDR zone allows a range of residential development types, including multiple family dwelling units such as apartments, single family dwellings, duplexes, public parks, and accessory uses. Therefore, the PDI zone, via the PDC and PDR zones, permits the primary types of uses that are currently under consideration for the site: affordable housing and commercial/community serving ground floor uses.

Scale. The scale and amount of development in the PDI zone is governed by site requirements such as parking, setbacks, landscaping, etc. The PDI zone does not limit the scale or amount of development via density ranges, or FAR (floor area ratio). There is no height maximum in the PDI zone. The maximum for commercial development is 35 feet, but the majority of the TOD project is expected to be residential so that limit is unlikely to apply here.

Commercial Uses. The current zoning does place limitations on some uses. The PDI zone states that Service Commercial and Retail uses cannot “exceed 5,000 square feet of floor area in a single building, or 20,000 square feet of combined floor area within a multi-building development.” The PDC zone states that uses allowed in a PDI or PDR zone (e.g., multifamily housing) are allowed, “provided the majority of the total ground floor area is commercial.”

Therefore, the current zoning on site implies that TOD buildings on the site must be mixed use, i.e., affordable housing on upper floors over ground floors that include a majority (e.g., 51%) of commercial use, but that the commercial area cannot be more than 5,000 square feet. One approach to meeting these requirements is one or more separate, mixed use TOD structures, each of which has a floor plate of approximately 9,000 square feet, and a ground floor commercial area of approximately 4,501 square feet.

Challenges of Commercial Development. This type of commercial requirement creates a number of significant challenges for this affordable TOD project:

- As covered further below, LCG is not aware of any primary affordable housing funding source that provides capital for commercial space. The primary affordable housing funding sources do not allow affordable housing developers to use commercial rents to cover debt service in their pro formas. Thus, commercial spaces have significant costs (hard cost of construction, tenant improvements, soft costs such as design, engineering, permitting) but no allowed revenue from the point of view of affordable housing funding sources. Assuming three buildings with 4,501 square feet of commercial space each, and a total project cost of \$360 per square foot, this creates a \$4.8 million funding gap for which there is no obvious funding source.
- According to Metro's TOD program, commercial space will trigger BOLI prevailing wage rates on the remaining (affordable residential) component of mixed-use projects. Most affordable housing funding sources such as Low Income Tax Credits do not require prevailing wage rates. A recent report by Metro found that prevailing wage rate projects cost 13% more on average than non-prevailed projects. LCG's assessment is that this would lead to a cost increase of about \$3.5 million, which would further challenge the financial feasibility of the TOD.
- Much or all parking for commercial uses may need to be accommodated on the TOD site (no on street parking is allowed and parking in the park-and-ride lot is inconvenient for commercial patrons), which will diminish the amount of site area available for affordable housing.
- Site issues including low drive-by traffic and visibility mean that this is not an ideal site for commercial uses.

Nonetheless, as documented above, initial stakeholder interviews indicate that a mixed-use project may be a priority for the City, in order to provide services to future TOD residents, transit riders, and others, and in order to create a more active and vibrant place.

Therefore, the ideal regulatory environment would allow ground floor commercial uses but not require them.

There may also be creative ways to build to the code. For example, ground floor live-work spaces could be considered to be "other commercial uses." LCG will continue to evaluate the commercial requirements in the existing code and how they could be creatively met by site development alternatives. Other approaches to zoning/entitlement, such as Senate Bill 8 and an Overlay Zone are covered below.

Parking

Parking Ratios. Parking is governed by Section 4.155 of Wilsonville's development regulations. This section covers parking requirements for multifamily units (ranging from a minimum of 1.25 spaces for a 1 bedroom unit to 1.75 for a 3 bedroom unit), commercial retail space (a minimum of 4.1 spaces per 1,000 square feet for spaces of 1,501 square feet or more), and other uses. Because of the high parking ratio associated with commercial uses, the amount of commercial uses will have a significant impact on the total parking required.

In the past, the City has provided reduced parking requirements (0.48 spaces per unit) for the Creekside Woods senior affordable housing project. The weighted average parking ratio for the City's five tax-exempt affordable projects is 0.8 parking spaces per unit, while the average parking ratio for 20 market-rate apartment projects located in Wilsonville and surveyed by LCG is 1.1 parking spaces per unit. This difference in parking ratios is consistent with LCG's view that housing that is near quality transit service, and/or serves lower-income or senior populations, is likely to require less parking. TriMet cites parking ratios of well under 1.0 parking spaces per unit at some of its affordable TOD projects, for

example at the Fuller Road TOD now under construction in Clackamas County which has a ratio of 0.8 parking spaces per unit. As part of a stakeholder interview conducted for this project, TriMet also stated that if a TOD were approved under low parking ratios, this would increase their receptiveness to a shared parking agreement, as it would require fewer total spaces be set aside for a given number of affordable units. However, the City's experience has been that, at Creekside Woods, actual parking demand may be higher than was expected or provided.

Off Site/Shared Parking. Section 4.155.02.G covers Off Site Parking. This section states that parking may be provided on other parcels, provided that those parcels are within 500 feet (measured from the nearest parking space to the main building entrance, following a sidewalk or other pedestrian route), and the DRB has approved the off-site parking through the Land Use Review. "The right to use the off-site parking must be evidenced in the form of recorded deeds, easements, leases, or contracts securing full and permanent access to such parking areas for all the parties jointly using them."

Therefore, the code allows shared parking between the TOD Site and Park and Ride, under certain conditions. LCG plans to prepare development alternatives that share parking between these parcels, for reasons covered on page 34 above.

Conclusion. There appear to be three ways to park the TOD project: 1) on the existing Park and Ride, via a shared parking agreement with TriMet; 2) on the Kinsman Site/Future Park and Ride Site owned by the City of Wilsonville; and 3) on the TOD site. The ideal approach appears to be (1), via a binding shared parking agreement with TriMet would be put in place that allows residents and patrons of the TOD to park at the Park and Ride. While there are clear reasons for all parties to support such an agreement, and a preliminary indication from TriMet that it is open to discussing shared parking at this site (see page 33 for details), one point that will need to be negotiated will be the amount of parking spaces needed at the Park and Ride, and the parking ratio required for affordable units. Option (2) appears to be viable, but would introduce more development costs and regulatory approval processes. If neither (1) nor (2) are possible, then the TOD project would need to park on the TOD site, which would significantly reduce the number of affordable units and commercial space that could be built since parking would take up a large amount of the site area.

Landscaping, Open Space, and Setbacks

Development Code section 4.176, Landscaping, Screening, and Buffering, requires that not less than fifteen percent (15%) of the total lot area shall be landscaped with vegetative plant materials. Development Code section 4.113, Standards Applying To Residential Developments In Any Zone, requires that the minimum open space area in a development is equal to 25% of the size of the Gross Development Area. The Leland team will be incorporating these sections into its baseline development site design alternatives. The team will also incorporate the implications of the City's tree code.

Setback standards are set forth in the PDI zone (4.135.06) and call for 30-foot front, rear, and side setbacks. However, a TOD developer could apply for a waiver to the minimum setback requirements, and the setback is measured from the property line, which is currently south of the curving sidewalk.

Such setbacks are not ideal for residential or mixed use development that are intended to create a sense of place through active ground floor uses that connect to surrounding sidewalks. In this case, active ground floor uses could also include residential stairs, stoops, windows, or other features that connect directly to sidewalks. Typically, such projects are built in locations with zoning that requires no or minimal setbacks. However, given the conditions described above, TOD should be able to be built in this location.

Summary of Existing Regulations

The above sections regarding uses, parking, and setbacks summarize the code issues that the Leland team believes are most likely to have significant impacts on the feasibility and design of the TOD.

Both the commercial requirements included in the PDI and PDC code, and the parking situation—which is a combination of code requirements and potential off-site shared parking arrangements—could have a significant impact on feasibility and project design. The commercial requirements could create a funding gap of \$5 million or more.

As the Leland team prepares and presents development alternatives, additional nuances of the zoning code could become apparent, and these nuances could also impact the design and feasibility of various aspects of TOD. If this is the case, the Leland team will let the City know about these issues as soon as possible.

Senate Bill 8

Senate Bill 8 was Introduced at the Oregon State Legislature and signed by the Governor in 2021.

The bill “requires local governments to allow development of certain affordable housing on lands not zoned for residential uses,” among other provisions.

The bill further provides that, “a local government shall allow affordable housing, and may not require a zone change or conditional use permit for affordable housing on property” in certain circumstances. In particular, this “applies on property zoned to allow for industrial uses only if the property is (A) publicly owned; (B) *adjacent to lands zoned for residential uses or schools*; and (C) not specifically designated for heavy industrial uses.”

It is not clear to LCG whether the above provisions of Senate Bill 8 could be applied to the TOD Site give the agency requirements, in part because adjacent can be interpreted to mean “near” or “next to.” The TOD site is about a quarter mile away from the closest homes in Villebois. Legal review may be necessary in order to determine the applicability of these sections of Senate Bill 8.

Senate Bill 8 also states that local governments shall allow affordable housing and may not require a zone change or conditional use permit if the property is zoned as public lands. The City’s Development Code provides for a Public Facility Zone in Section 4.136.

Overlay Zone

The City’s development code currently provides “Overlay Zones and Area Specific Regulations” for Old Town, Coffee Creek Industrial Area, and several other parts of the City. One purpose of these area-specific regulations is to provide additional goals, requirements, regulation, and guidance regarding development in particular sub-areas, where goals or conditions differ from the larger surrounding area. For example, the Coffee Creek Industrial Design Overlay District is within the Planned Development Industrial - Regionally Significant Industrial Area (RSIA) Zone, and provides additional standards that are intended to address issues such as transportation connectivity and preservation of trees and natural features. Therefore, it appears possible that an overlay zone applying to the Transit Center area or TOD Site could clarify the uses and regulations appropriate for a TOD in this location and modify certain regulations that do not appear to be optimal (e.g., commercial requirements), for this project that has been part of master planning efforts since at least 2008. An overlay zone could be better tailored to the specific conditions at the Transit Center than other approaches such as the Public Facilities Zone discussed above. For example, while the Public Facilities Zone appears to prohibit commercial uses, an overlay zone could permit but not require commercial uses. It could also permit commercial uses subject to certain limitations. It could provide for “TOD appropriate” parking ratios or shared parking under certain conditions.

Summary of Entitlement Pathways

The City’s current zoning for the site imposes certain regulations summarized above that may challenge the development of an affordable, mixed-use TOD project at the site.

The Leland team will be further assessing the impact of zoning as we advance through this TOD Strategy process, and in particular as we prepare site development alternatives.

However, at this early stage, it is worth considering that there appear to be at least four entitlement pathways for a TOD project at this site: 1) via the existing PDI zoning; 2) via the provisions of Senate Bill 8 under the current zoning, if residential uses can be considered to be adjacent; 3) via the provisions of Senate Bill 8 and a rezone to Public Facilities; 4) via a different approach such as an Overlay zone.

Other Conditions and Potential Future Analysis

Engineering Assessment. HHPR Engineering is currently conducting an engineering assessment of the site in order to identify transportation, sewer, water, and stormwater improvements that may need to be completed by future TOD developers. This analysis is underway, and a draft will be complete in August 2021. HHPR has contributed to this report, including the above analysis of SROZ and other environmental regulations, site frontage utilities, and other site development considerations. LCG has included all known and significant site development considerations in this report.

Other Analyses. In addition, LCG recommends that the City consider or complete the following reports and analyses for the TOD site either prior to releasing a developer solicitation, or soon after releasing a developer solicitation.

These analyses should provide developers with additional confidence that the site is developable as envisioned. In some cases, one report can complete more than one of the bullets listed below:

- Phase 1 Environmental Site Assessments (ESA): Preliminary assessment of the likelihood of environmental issues at the site.
- Preliminary Geotechnical Investigation: Identifies condition of soils and their capacity to support the intended development types. Based on the prevalence of industrial development in the surrounding areas, the Leland team assumes at this time that the dominant soils in the area will support four to five story mixed-use development.
- Title Report: Clearly identifying any easements, liens, or other encumbrances on the property.
- Survey, e.g., with topographical lines. It may be appropriate to delay this work until the proposed boundaries of the TOD site are clearly defined via this TOD Strategy process.

In addition, other analysis may be identified as this TOD Strategy moves forward.

Affordable Housing Funding Sources and Other Public Support

Funding affordable housing is complex, in part because it typically involves a range of non-traditional financing sources provided via federal, state, regional, and local municipal government agencies. These funding sources are required because the rental revenue generated by the project is intentionally below market and therefore cannot pay for the costs of development and operation. In addition to these funding sources, most affordable housing projects are also partially funded by “traditional” debt (e.g., a bank loan).

In addition to funding support, public agencies such as cities often provide other types of support that are discussed in this section. While these types of support do not involve direct financial support for a given project, they are very valuable, and can be critical to enabling a project to move forward.

The three types of funding sources and public support discussed in this section are:

- Primary Funding Sources and Public Support
- City Funding and Support
- Other Funding Sources and Support

Primary Funding Sources

The four affordable housing funding sources shown in Figure 23 below provide funding for most of the affordable housing projects completed in the State of Oregon. The Low Income Housing Tax Credit (LIHTC) programs also are the most extensively used across the country. All four of these sources provide a large share of funding for each project. Therefore, while the financing for most affordable housing projects is complicated and can involve numerous funding sources, the Leland team believes it is important to focus on these programs first, since they are critically important to affordable projects, and each imposes a different set of criteria, requirements, and timing on projects. It is therefore useful to know early on if the City believes their project vision is most aligned closely aligned to one or more of these funding sources; or conversely, if the City believes that *any* of the sources could be a good fit for the Wilsonville TOD. If *none* of these sources appears to be a good fit, the project would likely be difficult to fund.

The funding sources are arranged from left to right, with the sources that generally provide more deeply affordable housing to special needs populations at left, and less deeply affordable housing at right.

The Leland team has also grouped the four funding sources into a conceptual Project 1 and Project 2. LCG’s early assessment is the combination of two sources (either the Metro Bond and 9% LIHTC, or LIFT and 4% LIHTC) could enable the development of a +/- 100 unit affordable housing project on the TOD Site, subject to certain conditions (shared or surface parking, minimal commercial space, average site development costs). Project 1 could be considered to be permanent supportive housing for homeless or formerly homeless veterans. Project 2 could be considered to be family housing that includes a social service component (e.g., connections to off-site employment or educational training) targeted to the LatinX community (given that community’s population in Wilsonville and the criteria of the LIFT program).

Note that the application deadlines shown below are approximate and change from year to year.

Three of the four funding sources above are provided by the State’s Oregon Housing and Community Services (OHCS) agency. The Metro Bond is allocated locally by the Housing Authority of Clackamas County (HACC).

Figure 23. Primary Affordable Housing Funding Sources

	Metro Bond	9% LIHTC	LIFT	4% LIHTC
	/	"Project 1"	/	"Project 2"
Agency	HACC	OHCS	OHCS	OHCS
Competitive	Yes	Yes	Yes	No
Application? Deadline?	Yes. Likely Q2 2022	Yes. Likely due March or April 2022.	Yes. Likely due March 2022.	No, N/A
Typical Household MFI	< 30% to 60%	< 30% to 60%	60% - Rental 80% - Ownership	60%
Key Criteria	<p>The 2022 funding round is likely to have a much-increased emphasis on Permanent Supportive Housing including supportive services; e.g., individuals experiencing homelessness, via supportive programs for employment, life skills, and substance counseling.</p> <p>The 2022 funding round will also provide significantly less funding than in 2020.</p>	<p>Highly competitive program that rewards projects that provide more deeply affordable units to special needs populations in gentrifying areas.</p> <p>The Leland team's assessment is that this program will likely require that projects include Permanent Supportive Housing in order to be competitive.</p>	<p>Focus on communities of color. Culturally specific services must be provided.</p> <p>Emphasis on family housing (e.g., units that are 2 bedrooms or larger).</p> <p>(Projects are usually rental or ownership—the two types are usually not mixed within a single structure.)</p>	<p>Average of 60% AMI. Project receives funding if financially feasible</p>

Three of the four funding sources are competitive, meaning that projects seeking funding must submit an application, are scored on a range of criteria, and may be approved or denied funding. The 4% LIHTC program is unique among these funding sources in that it is not competitive: A project that submits an application is allocated funds, so long as the housing provided is affordable at 60% MFI, and the project is judged to be financially feasible. This is a significant differentiator and advantage for this program, though the units provided via this program are typically not as deeply affordable as the other programs.

Additional information and criteria for these programs are covered below. This report provides a simplified summary of affordable housing funding sources.

Metro Bond

Add a short sentence here describing what the Metro Bond funding is. Within Clackamas County, the Metro Bond is distributed locally by HACC.

2020 NOFA. The first round of Metro Bond funding was distributed in 2020, via the January 2020 Notice of Funding Availability (NOFA) which outlined the criteria that HACC used to allocate funding to projects, the timing of funding allocations, and other information.

According to Metro, Clackamas County allocated a total of \$51.1 million to non-profit or for-profit affordable housing projects via the 2020 NOFA.⁴ Other documents indicate that \$44.2 million was distributed among three projects, or an average of \$14.7 million per project.

The primary goals/criteria used by HACC in 2020 to allocate funds were:

- Ensure that approximately 41% of units meet the needs of the County's most vulnerable households and are affordable to extremely low-income households earning 30% or less of MFI. At least 25% of all units will be supported with rental assistance provided by HACC.
- Meet the needs of families by making at least 50% of the units two bedrooms or larger.
- Create affordable homes for households earning between 61 – 80% of AMI by using up to 10% of the funding.
- Develop or acquire approximately 812 new affordable housing units via the 2020 and all other funding rounds.

2022 NOFA. HACC will release a 2022 NOFA, which will probably provide a set of funding criteria that uses the above criteria as a starting point and adds some additional criteria. While the Leland team does not have access to a full list of 2022 criteria, the Leland team and City staff met with HACC staff during summer 2021 in order to understand the likely investment criteria, and expect the major change to be associated with a preference or requirement for permanent supportive housing (PSH), consistent with the May 2020 measure that now raises funds for "people experiencing homelessness or at risk of experiencing homelessness."⁵ Permanent supportive housing can be defined as follows:

Supportive housing is a combination of housing and services intended as a cost-effective way to help people live more stable, productive lives, and is an active "community services and funding" stream across the United States.

Supportive housing is widely believed to work well for those who face the most complex challenges—individuals and families confronted with homelessness and who also have very low incomes and/or serious, persistent issues that may include substance use disorders, mental health, HIV/AIDS, chronic illness, diverse disabilities or other serious challenges to stable housing.

Supportive housing can be coupled with such social services as job training, life skills training, alcohol and substance use disorder treatment, community support services, and case management to populations in need of assistance. Supportive housing is intended to be a pragmatic solution that helps people have better lives while reducing, to the extent feasible, the overall cost of care. As community housing, supportive housing can be developed as mixed income, scattered site housing not only through the traditional route of low income and building complexes.

⁴ <https://www.oregonmetro.gov/sites/default/files/2021/05/17/metro-affordable-housing-bond-program-report-with-exec-summary-05142021.pdf>

⁵ <https://www.oregonmetro.gov/public-projects/supportive-housing-services>

The 2022 NOFA will almost certainly provide significantly less funds than the 2020 funding round. HACC has indicated that between \$11 million and \$20 million may be available. At least one other affordable project is expected to be highly competitive for these funds (in Lake Oswego). Assuming that HACC provides a comparable amount of funds for each project, the 2022 NOFA could fund one or maybe two projects.

The timing of the NOFA release and subsequent applications is yet to be determined. However, HACC has indicated that the NOFA would likely be released in the first quarter of 2022 (January through March) or possibly early in the second quarter, with applications to be submitted by developers in summer 2022.

Therefore, if this is a funding source that the City sees as a critical piece of its ideal TOD project, the City should select a preferred developer by late 2021 or early 2022 and establish a shared project vision between City and developer by the first quarter of 2022. The City and Leland team will need to move quickly to make this happen.

9% Low Income Housing Tax Credit (LIHTC) Program

The 9% LIHTC (usually pronounced lie-tech, and also called “9% tax credits”) program is a highly competitive federal/state program that rewards projects that provide more deeply affordable units to special needs populations, particularly in gentrifying areas. The Leland team’s assessment, based on DDV’s recent pursuits of this funding source, is that this program will likely require that projects include permanent supportive housing in order to be competitive, and further that a project on the TOD site that provided permanent supportive housing for homeless or formerly homeless veterans (or other special needs population) would be a strong candidate for 9% LIHTC funding. This is because each individual project is incentivized to meet more of the OHCS goals and criteria in order to secure funding. There is no way to be certain in advance that a project will secure 9% LIHTC funding, and indeed, some projects do not receive funding for several rounds.

One reason that developers seek 9% LIHTC funds is that they are intended to provide a subsidy of approximately 70% of a given development’s qualified basis (roughly the cost of construction excluding land). By contrast, the 4% LIHTC program is intended to provide a 30% subsidy; therefore, this program tends to generate units that are not as deeply affordable as the 9% program. These project subsidy levels are approximate and depend on individual project design and cost. 9% LIHTC projects must remain affordable for 60 years. A detailed description of the LIHTC program from a federal perspective can be found a 2021 report by the Congressional Research Service.

The goals, investment criteria, requirements, and process associated with the 9% and 4% LIHTC programs in Oregon are summarized in the State’s [Qualified Allocation Plan](#) (QAP) for Low Income Housing Tax Credits (January 20th, 2021). The 9% LIHTC criteria are summarized below in Figure 24 and complete details can be found in the QAP. The Leland team has completed a preliminary assessment of the Wilsonville TOD site’s capacity to meet certain of these criteria and will conduct a more detailed assessment if the City decides to pursue this funding source. As suggested above, the criteria place a priority of permanent supportive housing and special needs populations.

The Wilsonville TOD Site would likely score well on certain “location efficiency” criteria, including, urban areas with high walk scores, access to employment opportunities, access to schools and education, and being within 0.25 miles of a fixed transit stop. By contrast, it is not clear the subject site would score well in the Vulnerable Gentrification Areas criteria. These criteria provide points if projects are located in a census tract with Concerted Revitalization Plan, “demonstrated through investment of public resources into capital improvements of residential, commercial, or infrastructure;” are in a federally-designated Opportunity Zone (the Transit Center is not); for having a higher rate of non-white residents than comparable census tracts (possible); a higher rate of people without high school degrees than comparable census tracts (does not appear so); and a higher rate of renters than comparable census tracts (depends on

how comparability is defined; East Side Wilsonville has a higher share of renters than the West Side). The project’s ability to meet some other criteria is dependent on the attributes of the project.

Figure 24. LIHTC Scoring Criteria: New Construction, Acquisition, Rehab

Scoring Topic	Points Available
[Either] Permanent Supportive Housing (PSF)	5 points
[Or] Family Sized Units	5 points
Special Needs Target Populations	4 points
State Priority Total	9 points
Location Need Data	7 points
Location Efficiency	5 points
[Either] Opportunity Area	5 points
[Or] Vulnerable Gentrification Areas	5 points
Need and Opportunity Total	17 points
Affirmative Fair Housing Marketing	7 points
Resident Services	7 points
Partnerships Total	14 points
Rents: Serving Lowest Income - AMI	5 points
Rents: Serving Lowest Income - RA	3 points
General IRS Section 42 Requirements	4 points
Federal Preferences Total	12 points
Federal Subsidy Leverage	4 points
Cost Effectiveness	1 point
LIHTC Effectiveness	3 points
Funding Efficiency Total	8 points
Financial Viability	10 points
Readiness to Proceed	6 points
Project Readiness Total	16 points
MWESB Capacity	4 points
Development Team Experience	3 points
Performance	5 points
Development Team Capacity Total	12 Points
Total Points Available	93 points

Source: State of Oregon Qualified Allocation Plan (QAP) For Low Income Housing Tax Credits, 2021.

Local Innovation and Fast Track (LIFT) Rental Housing Program

The Local Innovation and Fast Track (LIFT) Rental Housing Program's objective is to build new affordable housing for low income households, in particular, families. OHCS worked with the Housing Stability Council and program stakeholders to develop a plan to efficiently use the newly committed funds and maximize the impact it will have in communities across the state.

The primary goals of the LIFT Rental program are to create a large number of new affordable housing units to serve low income Oregonian families and to serve historically underserved communities, such as rural communities and communities of color.

Additional goals of the LIFT Rental program are to provide affordable housing units to serve families in service as quickly as possible; to serve families through rental housing earning at or below 60% Area Median Income (AMI) and families in homeownership earning at or below 80% AMI; focusing on service connections including but not limited to those from the Oregon Department of Human Services (DHS) child welfare or family self-sufficiency programs, Community Action Agencies, Coordinated Care Organizations, and Homeownership Centers. Also, identify building strategies that require lower state subsidy or results in a lower cost of affordable housing development.⁶ Projects that request a lower amount of LIFT funds per unit receive higher scores and are more competitive.

Within the Portland metropolitan region and other urban and suburban parts of the state, LIFT has often been used to provide housing and related culturally specific services. Because the City's *Equitable Housing Strategic Plan* identifies the LatinX community as a large and growing part of Wilsonville whose housing needs are not being met, the Leland team's assessment is that there is a strategic opportunity to build a LIFT-funded TOD project that serves the LatinX community with housing and some supportive services such as Spanish speaking apartment management, culturally specific connections to education and/or job training, or other needed services to be determined.

4% Low Income Housing Tax Credit (LIHTC) Program

As stated above, the 4% LIHTC program is intended to provide approximately 30% of a project's qualified basis (roughly the cost of construction excluding land). 4% LIHTC projects must remain affordable for 30 years. 4% LIHTC are considered to be "non-competitive" credits and are subject to OHCS preferences or selection criteria outlined in the QAP. The primary requirements for receiving 4% LIHTC funding are that a) the project be affordable to households earning 60% AMI on average and b) that OHCS views the project as financially feasible. In addition, the project and developer must meet OHCS' Minimum Thresholds for Application; however, most affordable housing developers are familiar with these thresholds and are prepared to meet them.

Projects that secure 4% LIHTC funds typically also receive financing using tax-exempt bond proceeds which are associated with the State of Oregon's Private Activity Bond Authority; no separate application is required. The tax-exempt bonds are subject to the volume cap limitations, but generally these limits are not exceeded in any given year.

OHCS accepts 4% LIHTC applications at any time during the year on a rolling basis. A two-part process has been established in an effort to clarify and expedite the processing of tax credit and bond funding.

The Leland team's assessment is that 4% LIHTC funds could be paired with LIFT funds in order to fund a +/- 100 unit family housing project with culturally specific a LatinX service plan.

⁶ This LIFT summary description is adapted from the OHCS fact sheet:
<https://www.oregon.gov/ohcs/development/Documents/factsheets/factsheet-lift.pdf>

City Funding and Support

As of August 2021, the Leland team has conducted preliminary financial analysis of “Project 1” and “Project 2” described briefly above, as well as other development options. Based on this analysis and our professional experience, we believe that the City should be prepared to provide the following types of funding and support:

- **Champion the Project.** Unforeseen obstacles nearly always arise for affordable TOD projects as these projects move from initial concept to groundbreaking. The City will need to be a champion for this project, for example, to ensure that zoning and the regulatory environment allow the project to move forward, find a preferred developer, work to secure access to parking at the park and ride site or elsewhere, communicate the project’s benefits to community members, support the selected developer in pursuit of funding, and champion the project in ways that will only become apparent later on.
- **Land Write Down.** Provide a land write down. In other words, seek to sell or lease sites for a nominal amount to the selected affordable housing developer. This appears to be a critical aspect of enabling project feasibility given current area median incomes, construction costs, and other assumptions. This is also typical for many, or most affordable housing projects completed recently in the Portland metro region.
- **Provide System Development Charge (SDC) Waivers** for most or all affordable housing units. In order to “waive” SDCs, cities typically transfer funds from one fund category (e.g., urban renewal) to another (e.g., parks or transportation).
- **Property Tax Abatement.** Provide property tax abatement during the time that housing units are required to be affordable (typically 30 to 60 years, depending on the program). The City already has a property tax abatement program in place, as described above.
- **Secure Off-Site Parking,** either on the Park and Ride site or the Kinsman Site (“Future Park and Ride Site”), as described above. If this cannot be accomplished, then it may be possible to build a considerably smaller (e.g., 50 units or fewer) TOD project on the TOD Site along with on-site parking; however, it likely will be challenging to secure funding for a project of this size.
- **Other support, to be determined.** At this preliminary stage, the above types of City support appear adequate to make an affordable housing project at the subject site feasible. However, as noted above, unforeseen obstacles could appear. For example, it is not uncommon for cities to support the development of affordable housing via the construction of adjacent or nearby infrastructure, e.g., a parking lot expansion or other improvements. Because affordable housing funding sources are narrowly targeted to the (vertical) construction of affordable housing, costly infrastructure or other site improvements can be too great for affordable projects to bear. The Leland team will be on the lookout for additional types of City support as this project proceeds, and always be seeking to balance the City’s goal of providing affordable housing with fiscal prudence.

Other Funding Sources

The following other funding sources may be appropriate for an affordable TOD project at the subject site. The Leland team will evaluate the applicability of these sources to TOD projects as this TOD Strategy moves forward, and the attributes of the City's desired TOD project comes into greater focus. However, as stated above, our view is that the financial feasibility of any TOD project at this site will depend on that project's capacity to secure two (or potentially one) of the primary funding sources described above. The funding sources described below can help to close any funding gaps, but they rarely provide an amount of capital that is comparable to the sources described above.

HOME

The federal HOME Investment Partnership Program (HOME) is a key resource that Clackamas County uses to address the need for affordable housing for low-income households. The HOME Program was created under Title II of the National Affordable Housing Act of 1990. Clackamas County's HOME Program provides funds to projects that benefit low-income people. The Leland team will be evaluating whether Clackamas County HOME funding could be paired with one of the primary funding sources to enhance the financial feasibility of the Wilsonville TOD project.

Eligible projects are ones that result in:

- Safe, decent affordable rental opportunities for individuals, families, the elderly and persons with disabilities or special needs;
- Assistance for homebuyers;
- Affordable home ownership opportunities; or
- Preservation of existing owner-occupied housing units.
- Funds may only be used for units that will be occupied by low- or very low-income households

Project Funding

HOME funds are allocated in amounts appropriate to the scope of the proposed project and the needs and resources of the applicant. The minimum investment of HOME funds in a project is \$1,000 per HOME-assisted unit. The maximum amount of HOME funds in a project is limited by:

1. The per unit subsidy limit. The HOME assistance cannot exceed the maximum amounts allowed per unit by HOME Program rules found at 24 CFR 92.250. The typical per-unit subsidy is up to \$50,000. Requests for funding in excess of \$50,000 per unit may be approved on a case-by-case basis.
2. The total per-unit development costs. HOME assistance per unit cannot exceed the average per-unit development costs for the unit. (The HOME subsidy would then be subsidizing non-HOME units, which do not come under the occupancy and rent controls of HOME).
3. The financial needs of the project. HOME projects may not receive more subsidy than is required to produce a financially feasible project.
4. The ratio of HOME funds to total development costs. The County typically limits HOME funds to no more than 50 percent of the total costs of any project.

Community Development Block Grant (CDBG).

CDBG funds are administered via Clackamas County's Community Development Division. In order for any project to be considered for funding, it must meet one of the three broad "National Objectives" established by Congress. The national objectives are as follows:

- **Benefit to Low- and Moderate-income Persons.** A CDBG project meets this goal if it benefits:
 - All residents of a residential area recognized by HUD as a low and moderate income area.
 - A group of individuals of which 51% have low or moderate incomes.
 - Low or moderate income individuals.
- **Prevention or Elimination of Slums or Blight:** the project may meet HUD recognized criteria for slums and blight.
- **Urgent Needs:** the project must address a problem which is demonstrated to have arisen or escalated in the past 18 months, which poses a serious threat to the health and welfare of the community, and for which other financial resources cannot be provided or have been denied.

Based on Clackamas County's CDBG allocation criteria, it does not appear that CDBG funds could support the Wilsonville TOD. The first reason is that the Transit Center site is not located in a low and moderate income area, as defined by the County and HUD. Second, the County's CDBG emphasis appears to be on housing *rehabilitation* rather than new construction. The Leland team is in the process of further evaluating whether CDBG could be allocated to the Wilsonville TOD project.

Housing Choice Voucher Program (Section 8)

HACC manages the Housing Choice Voucher program. The Housing Choice Voucher program (formerly known as Section 8) provides assistance to families that rent units at rental housing projects that are built and managed by non-profit or for-profit developers. HACC has the capacity to allocate some vouchers to individual projects, such as the Wilsonville TOD. During 2022, it is likely that HACC will allocate vouchers to projects that also receive Metro Bond funds. The voucher program allows individual projects to reach additional households at deeper levels of need and affordability. Households' rent is based on income; tenants pay between 30% and 40% of their adjusted gross income (after eligible allowances) for rent and utilities, and vouchers can make up the difference between the base rent and the households' capacity to pay.

Metro TOD Program

Metro provides grants to housing and mixed use projects around the region that are located in transit rich areas. Funding is scaled to the size of the project and is typically between \$250,000 and \$500,000. Projects must be located either in a designated Metro Center, or within ¼ mile of transit service operating on 15 minute headways. The Transit Center is not within a designated Center. While the SMART lines that operate at the Wilsonville Transit Center appear to be on 30 minute headways, Metro's TOD program has indicated that it is generally supportive of the Wilsonville TOD project and would like to understand more about the project and consider supporting it further as the project advances.

Missing Middle Housing Fund

MMHF supports real estate development projects that specifically target residents making 80% to 120% MFI. As the fund evolves and raises capital, project specific investments may include construction gap financing grants, forgivable loans, nontraditional debt, and/or equity financing. Eligible projects will:

- Target workforce rents and/or sales prices, potentially through income restrictions. At least 50% of the units in the development must target residents making 80%-120% of AMI.

- Incorporate at least one significant innovation meant to lower the cost of construction compared to comparable projects by at least 10%. The level of project support will relate to the demonstrated savings.

Fund priorities will include those that serve traditionally underserved communities, particularly BIPOC and rural communities; diverse geographies across the investment portfolio; community engagement; and sustainable design.

<https://www.missingmiddlehousing.fund/>

Appendices

Figure 25. Affordable Housing Development Incentives Provided by Cities in the Metro Region

Responding Jurisdiction	Property tax abatement or exemption	SDC waiver	Local general funding for affordable housing	Public land availability	Reduced parking requirements	Density bonus	Vertical Housing Tax Credit	By right-development or accelerated approvals	Flexible design	Inclusionary zoning
Beaverton	X	X	X	X	X		X			
Cornelius	X									
Durham						X				
Forest Grove						X				
Gladstone										
Happy Valley		X			X	X		X		
Hillsboro		X			X	X		X		
King City								X	X	
Milwaukie	X	X	X	X			X			
Oregon City						X		X	X	
Portland	X	X	X	X	X	X	X	X	X	X
Rivergrove										
Tigard	X	X	X	X	X	X	X	X	X	
Troutdale										
West Linn										

***The following jurisdictions did not respond to the survey: Fairview, Johnson City, Lake Oswego, Sherwood, Tualatin, Wilsonville, Wood Village, Gresham and Maywood Park.*

Source: [Metro Housing Bond, 2020 Annual Report](#).