



City of Tigard Memorandum

To: Mayor John Cook and City Council

From: Lloyd Purdy, Economic Development Manager

Re: Policy Support for a Vertical Housing Development Zone

Date: June 17, 2014

A Vertical Housing Development Zone (VHDZ) is consistent with the Center City Urban Renewal Plan, and Comprehensive Plan Goal 9, 10 and 15.

Downtown/Urban Renewal

A Vertical Housing Development Zone works with existing land use and the city's urban renewal district to encourage development that supports downtown revitalization. The purpose of the City of Tigard's Comprehensive Plan Goal 15 (Downtown) is to facilitate the transformation of downtown into an urban village. Given existing land use and commercial activity, this will require the addition of both housing and space for new commercial activity located in a walkable context.

Specifically, Policy 6 notes the need for a range of new housing options to attract new residents downtown (who are both local consumers and part of our work force). Concurrently, Policy 2 encourages a mix of complementary land uses – higher density residential activity along with retail restaurant, entertainment and services. A Vertical Housing Development Zone is an economic development tool that encourages private sector development for both commercial and residential activity. Development projects successfully qualify as VHDZ projects because they locate commercial activity focused on goods and services with consumers and employees (residents).

Like tax increment financing, a Vertical Housing Development Zone is a tool that Oregon municipalities can use to influence the type of development in a targeted part of the City. Tax increment financing is a targeted tool focused on specific projects. A VHDZ is a more general tool encouraging a development pattern – higher density residential development with first story commercial activity. Combining residential use with commercial first story activity typically creates a more challenging and expensive development program. A VHDZ reduces some of the expense of mixed use development over the early life (first 10 years) of a project.

Tigard Triangle

According to preliminary findings from the Tigard Triangle Strategic Plan, existing zoning in the Tigard Triangle is primarily composed of Mixed-Use Employment (MUE), which permits both commercial and multifamily residential development. Depending upon the results of the Tigard Triangle strategic planning process, this area may see the addition of **between 900 and 2,900 potential new dwelling units**. Future development in the Triangle is expected to include a mix of housing along with office, retail and/or other amenities integrated into a walkable neighborhood.

This development pattern will provide access to commercial services, housing, and employment within walking distance of one another, while providing access to public transportation and other non-auto modes of travel to minimize single-occupancy vehicle use. Office uses and residential projects will need amenities such as coffee shops, banks, restaurants, dry cleaners, hair salons, etc. to be viable. These businesses must be focused in areas with the greatest visibility and access to patrons (residents).

Including the Tigard Triangle as part of a Vertical Housing Development Zone is one tool the city can use to induce private sector development consistent with the expectations highlighted above. Development that provides capacity for residential activity located above commercial activity creates a marketplace for economic activity, more efficient land use patterns, and “street activating” activity. In the Tigard Triangle, a Vertical Housing Development Zone may be a financial tool that aligns with changes to our land use and design code that encourages higher density residential development in an area of the city where, historically, regulatory and market forces, have not converged to support this type of private sector investment.

Comprehensive Plan Goal 9 Objectives

A Vertical Housing Development Zone supports the City of Tigard’s Comprehensive Plan Goal 9 economic development objectives by:

- Encouraging efficient development/redevelopment of underutilized commercial land.
- Increasing business and employment opportunities through more intense use of existing commercially viable lands.
- Encouraging retail and commercial activity in appropriately zoned portions of the city, preserving industrial zoned lands for industrial jobs.
- Supporting efficient regional multi-modal transportation for Tigard’s residents in the work force and regional commuters employed by Tigard-based companies by building upon existing fixed rail infrastructure in downtown Tigard.
- Increasing opportunities for higher density housing and employment downtown and in the Tigard Triangle.

A Vertical Housing Development Zone encourages private sector investments that support our work force with housing for residents (employees), first story commercial spaces for businesses and a “market making” proximity that pairs consumers with providers of goods and services.

Comprehensive Plan Goal 10 Housing

A Vertical Housing Development Zone also supports the objectives of the City of Tigard’s comprehensive Plan Goal 10. This goal includes providing for a *variety* of housing types in the City of Tigard. Recommended activities consistent with this goal highlight the importance of using financial incentives and programs administered by the State of Oregon to develop higher residential density in areas like downtown and the Tigard Triangle. These are priority areas for higher density housing because of their proximity to transit corridors that support employment opportunities and commercial services.

Attached Files Include

- Resolution for Council consideration and adoption.
- Map showing factors that support VHDZ selection – existing mixed-use zoning, location in an urban core, access to transit and building restrictions.
- Map of tax lots included in the proposed VHDZ.