

Downtown Hillsboro Urban Renewal Report

May 2010



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Introduction

The proposed Downtown Urban Renewal Plan (“Plan”) presents a significant opportunity to revitalize a languishing downtown area into a safe and economically prosperous community. The Plan is an implementation tool of the Downtown Framework Plan and will work in concert with it and other efforts of the City to revitalize downtown, including the Main Street program and the Hillsboro 2020 Vision and Action Plan.

The Hillsboro Economic Development Council

In 1989 the City of Hillsboro established the Hillsboro Economic Development Council (HEDC) to oversee any urban renewal area within the city. This structure of urban renewal decision-making is authorized in the state’s urban renewal statutes (ORS 457). The City Council and the HEDC are the same body of persons; however they are two separate legal entities. When the City Council meets as the HEDC they wear a different hat, so to speak.

The HEDC will follow similar decision-making procedures as the Council, but the HEDC’s authority is limited to urban renewal in the city. The duties of the HEDC include setting annual budgets for urban renewal areas, establishing and implementing guidelines and programs for administering the urban renewal areas, and any other activities as required to carry out projects in an adopted urban renewal plan.

The HEDC will meet according to open meeting laws, records laws, and noticing requirements. Once the Plan is adopted by the Hillsboro City Council the Hillsboro Economic Development Council (HEDC) acts as the urban renewal agency for the City and will administer the Plan.

As the City's urban renewal agency, the HEDC understands that it is important to involve members of the public in its projects, programs and decision making, as it is essential in creating:

- Better projects that enhance community livability, sustainability and pride
- Citizen ownership of urban renewal projects, programs and decisions
- Public trust in the City's urban renewal efforts

Public Participation in Plan Implementation

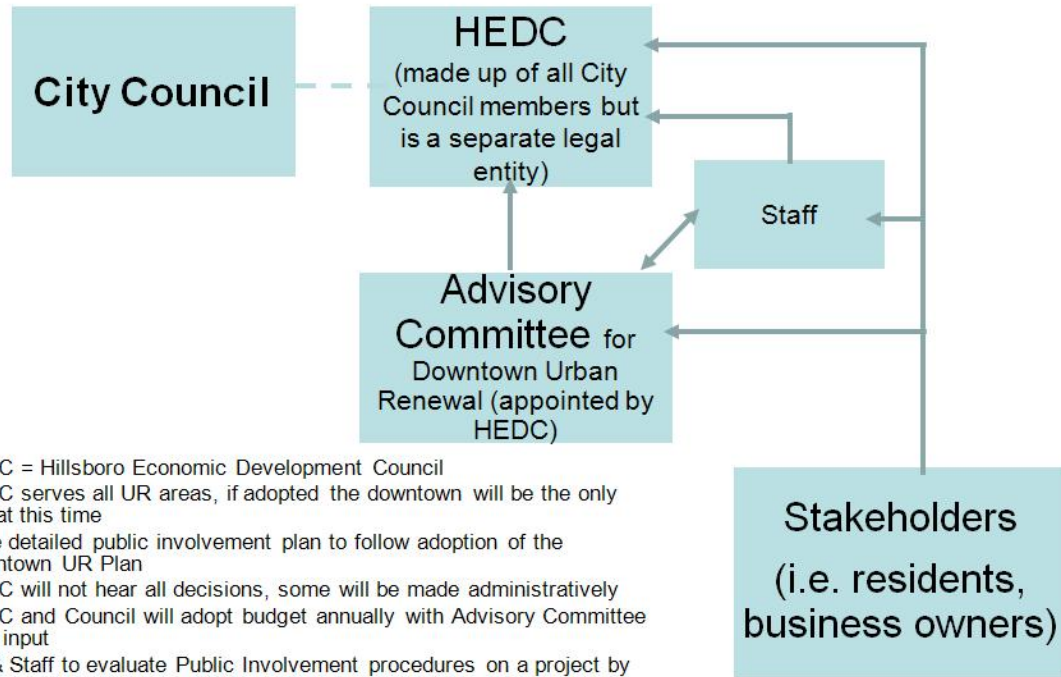
An inclusive and meaningful public outreach program is essential to the effectiveness of the downtown Area and the future of urban renewal in Hillsboro. An authentic public participation process builds trust and credibility in the HEDC and public support for urban renewal in general. To this end, a Public Outreach Process will be formally adopted by Resolution to set standards of public participation for individual projects throughout the Area.

One of the first steps after the adoption of the Plan will be to create an advisory committee for downtown urban renewal (supporting Goal 1 of the Plan). An application process will be set up and the HEDC will appoint a diverse range of stakeholders to sit on the committee. Once it is established, the HEDC staff in consultation with the advisory committee, will craft a public involvement plan to include, but not limited to, the following:

- Establish a meeting schedule for the HEDC.
- Create an Urban Renewal Website with applicable information such as meeting dates for the advisory committee, minutes of meetings, list of active projects, etc.
- Establish and maintain a stakeholder list to keep interested parties informed regarding the Plan via email. Allow citizens to sign up for email notification of meetings and updates on web site.
- Provide flyers and press releases to libraries, local media, recreation centers, civic center, etc. regarding upcoming meeting schedule as well as how stakeholders can get involved
- Establish public participation guidelines for project implementation
- Incorporate public meeting noticing requirements

A public participation plan will be created on a project by project basis. For instance planting street trees along a few blocks in downtown Hillsboro will require a different outreach plan than will be needed for design and development of a new park. Project public participation plans will be developed with the input of the advisory committee.

Downtown Urban Renewal Decision Process



- HEDC = Hillsboro Economic Development Council
- HEDC serves all UR areas, if adopted the downtown will be the only one at this time
- More detailed public involvement plan to follow adoption of the Downtown UR Plan
- HEDC will not hear all decisions, some will be made administratively
- HEDC and Council will adopt budget annually with Advisory Committee (AC) input
- AC & Staff to evaluate Public Involvement procedures on a project by project basis

HEDC Annual Budget Process

The budget for the Area will be adopted annually via the HEDC. The HEDC budget actions are included as part of the City's overall budget and presented for approval to the Budget Committee in May of each year. HEDC is required to have a Budget Committee under Oregon Local Budget Law. The Budget Committee is made up of the City's seven Council members and an equal number of citizens selected at large. The Council then adopts the budget in June of each year.

As HEDC begins planning the annual budget, the advisory committee will convene to review the Area's previous years' progress and give input on the proposed projects, with staff making adjustments accordingly. The budget will then be vetted through the City's internal budget process, and ultimately be presented to the Budget Committee for approval and Council for adoption.

The following Downtown Hillsboro Urban Renewal Report ("Report") provides supporting information to the Plan according to the requirements of ORS 457.085(3). The background information in the Report was gathered from a variety of resources, most especially the Downtown Framework Plan (adopted November 2009) and accompanying Downtown Hillsboro Existing Conditions Report. For ease of use, a Glossary of Terms is appended as Exhibit A to this Report.

A Assessed Value and Land Area Limits

The proposed Downtown Hillsboro Urban Renewal Area ("Area") is 1,108 acres, representing 7.4% of the total land area in the city of Hillsboro (14,968.5 acres). The Area contains 2,168 tax lots that have a variety of industrial, commercial, residential, and public facility uses. Total assessed property value of the Area is \$444,090,660 - including real, utility, personal, and manufactured properties - constituting 5.4 % of the total assessed value in the city of Hillsboro (\$8,291,350,338).

The City of Hillsboro currently has no other active urban renewal areas within its boundaries. Therefore, the Area is within the limits on assessed value and area (maximum 15% of either) as prescribed under the Oregon Revised Statutes (ORS), Chapter 457.420 (2)(a).

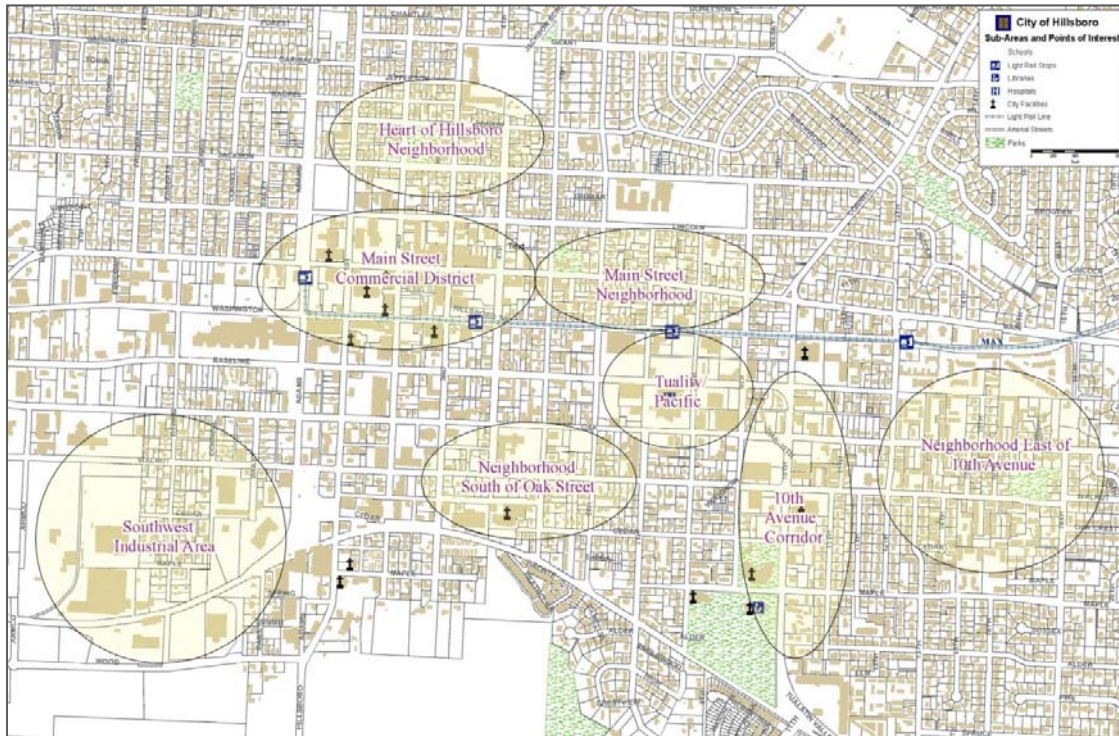
B Physical Conditions

Downtown Urban Renewal Area Geography

Of the Area's 1,108 acres, 873.3 acres are incorporated into individual tax lots and 234.5 acres, about 21%, are public rights of way (streets, sidewalks, heavy and light rail ways, paths, alleys, etc).

There are four general residential neighborhoods in the Area: Garden Tracts at the northwest, Heart of Hillsboro north of the Main Street Commercial District, South of Oak Street, and East of 10th Avenue.

Figure 1. Map of Downtown Hillsboro Geography



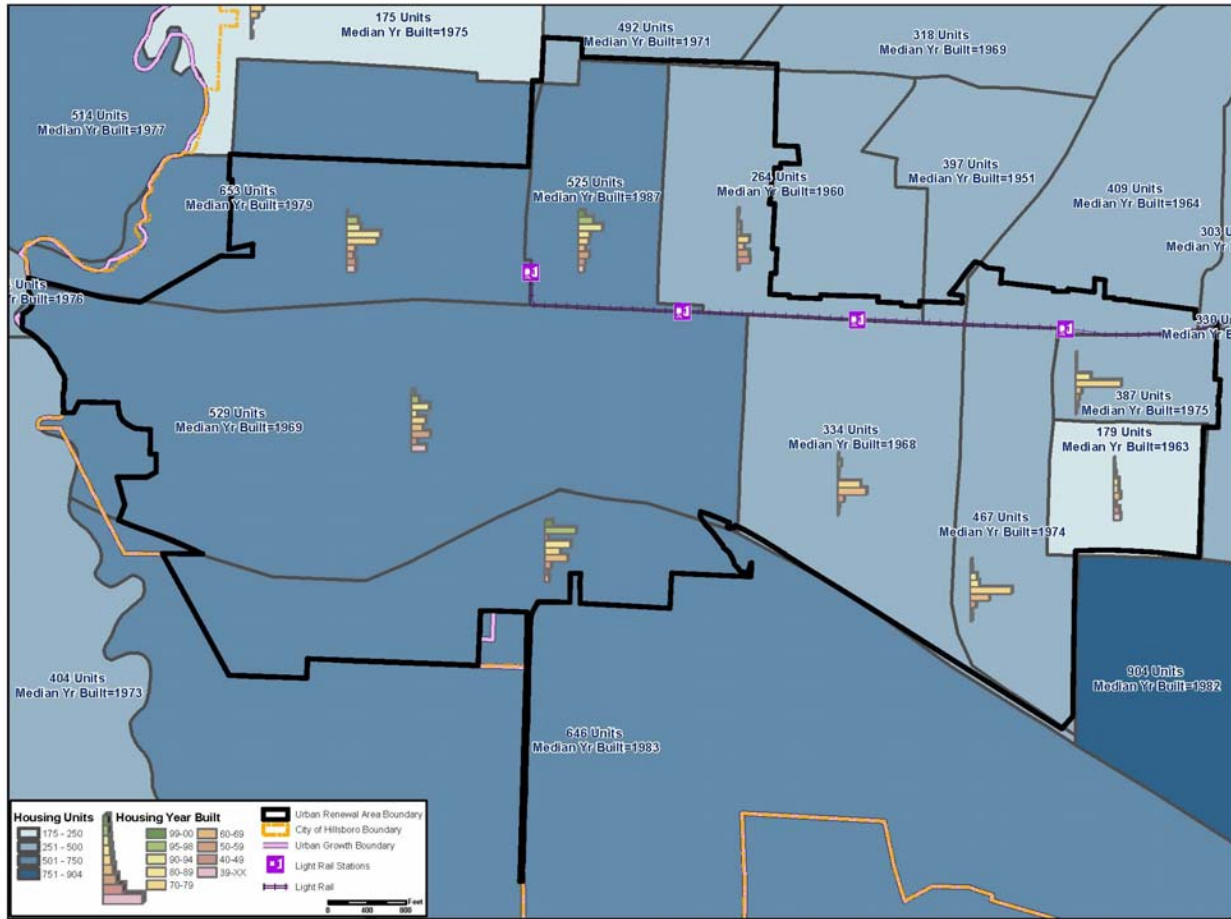
The commercial center of downtown is the Main Street Commercial District. Other commercial corridors include Baseline and Oak Streets, the Western Commercial end of Baseline / Oak, and 10th Avenue.

The remainder of the Area includes the Tuality / Pacific University Health Education East campus and the Southwest Industrial Area.

Housing

The Area includes a mix of older homes, dating from the original development of the city through to new construction. When comparing the Area with the entire city, several key differences emerge. The downtown community has slightly more multi-family housing units. The housing stock is also older than the rest of the city, with a median year built of 1969. Households in the Area tend to be renters, with 65% of households renting compared to 43% for the entire city.

Figure 2. Age of Housing Units by Census Tract



Overall, housing affordability is a growing problem in downtown as throughout the city, and one that is due to the unique economic conditions of the past several years. Until just recently, home prices continued to climb, while at the same time, many people became first time homeowners. During this period, the demand for new rental housing construction diminished and slowed the growth in rental housing supply. However, the recent slowdown in the housing market has shifted households back to renting and this, along with other economic pressures, is causing rents to rise. A recent market analysis suggests that considerable demand for new owner and rental housing development exists in downtown, especially due to the new activity experienced with the Pacific University Health Professions campus.

Commercial

Two primary downtown commercial districts serve the Area: highway or automobile focused corridors along 10th Avenue and the Baseline and Oak Streets, and the historic Main Street Commercial District that relies on transit, pedestrian traffic and automobile visits. The second area along Main Street also includes the end of the MAX light rail line and City and County offices.

Local employment data show that government, education, health, and professional and business services are the primary sources of jobs in the Area. There are more jobs located within the Area than jobs held by nearby households, indicating that many people commute into the Area for work. Of those commuting in, a majority are employed in the government sector, followed by the education and health sectors. Overall, there are an estimated 8,000 more jobs in the Area than can be accounted for by the number of households.

The downtown as a whole is well served by transit and has a large supply of private and public parking. However, there are some localized areas of parking congestion, mainly near the Civic Center in the western portion of the Area.

Most downtown blocks are 400-feet square, a larger size than most standard city blocks. Alleyways exist on some blocks. Previous planning has suggested taking advantage of these large blocks in the commercial and mixed use areas by developing small public spaces or off-street parking in the interior. The large blocks can be challenging for pedestrian access, which alleyways can alleviate.

There are many developments along Baseline and Oak Streets and 10th Avenue that are not suited for a modern, mixed use community. They contain excessive surface parking lots in front of the buildings, compromising safe access for pedestrians and persons with disabilities. Many of the structures require significant upgrades and maintenance to attract high-quality tenants who desire tall ceilings, entrances highly visible from the street, and sizeable display windows. Some of the structures are not well-suited for vital retail uses because the tenant spaces are too large or the buildings were not constructed to accommodate a variety of businesses and, therefore, are only partially used. There are areas with multi-block private development (with no through-streets), resulting in autos traveling through residential neighborhoods to reach other local destinations, further impacting safety of surrounding neighborhoods.

While the Main Street Commercial District has seen some recent investment (rehabilitation of the Venetian Theatre for instance) there exist a number of properties that have been neglected, as evidenced by deteriorating building facades and unusable upper floors. There are also a number of historic resources in the commercial district that will require seismic upgrades to secure preservation over time.

Industrial

A large industrial district is located in the southwest portion of the Area that encompasses approximately 250 acres and contains a mix of heavy industrial, manufacturing, commercial, public, and residential uses. The area is served by the Portland & Western railway running east-west, with a separate line running parallel to 1st Avenue.

Businesses in the Southwest Industrial Area that own or lease a significant amount of land include the former MasterBrand Cabinet manufacturing facility, Contech Construction Products Inc., and Lakeside Industries asphalt paving company. The area also includes several public uses, such as Washington County's facilities management building, the City's Public Works Department, Clean Water Service's Sewage Treatment Plant and the Hillsboro School District's

bus storage yard. Due to the land use and policy shifts over the years, there are now many homes scattered throughout the industrial area.

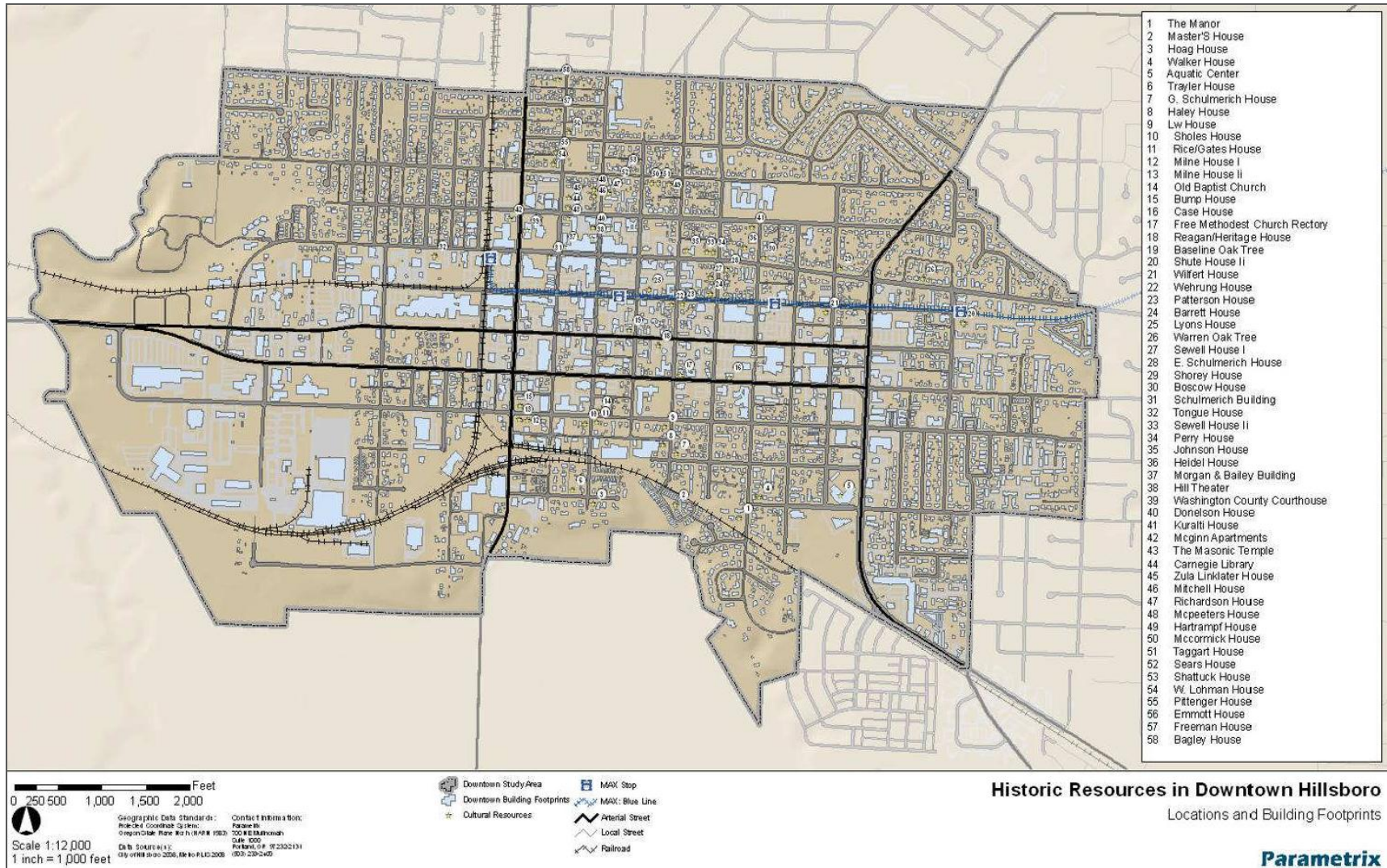
Contemporary industrial development requires ease of access to major truck transportation routes and rail. Users that are likely to be attracted to the southwest Hillsboro industrial area will be of a moderate size and light industrial or manufacturing uses. Most of the structures within the industrial areas are deficient to accommodate modern users, which require tall ceiling heights and unencumbered spans for inventory systems and other equipment. Additional discussion on lot sizes and industry standards can be found further in this section, under *Lot Sizes*.

Cultural / Historic Resources

Most of the city's cultural resources can be found in the downtown community. A cultural resource is any building, structure, site or object included in the City's official Cultural Resource Inventory. To be included in the inventory, the structure or object must be at least 50 years old and must have architectural, historical, or cultural significance. Many of these resources are structures, but some trees and public art pieces are also included in the inventory.

The historic structures in the Area are primarily single family dwellings, though it also contains the County Courthouse, Free Methodist Church Rectory, McGinn Apartments, Masonic Temple, and former Carnegie Library. Most of the historic resources range in date from the 1890's to 1930's, and there may be many more resources to consider if the definition of 'historic' is expanded to include the 1940's or 1950's. Many historic resources located in the Main Street Commercial District have been modified such that the historic features have been lost over time.

Figure 3. Cultural / Historic Resources in Downtown Hillsboro



Cultural Amenities

In recent years, the City and the community have focused on arts and culture as a major component of downtown revitalization. The Downtown Renaissance Project (completed in 2007) provided a forum for artists and the broader community to demonstrate their interest in expanding downtown arts programs. Key initiatives include:

- Walters Cultural Arts Center - housed in a restored, historic church on Main Street, this is the heart of the city's art scene, with a gallery, arts classrooms, and performance/lecture space.
- HART - the recently renovated home for the Hillsboro Artists Regional Theater.
- Venetian Theatre - another recent renovation project. This privately owned vintage cinema is home to live theater and music performances as well second run films and other activities. The Venetian also includes a restaurant and wine bar, helping to generate evening and weekend activities in downtown Hillsboro.
- Sequoia - housed in a vintage commercial structure right off of Main Street, the Sequoia is an artist studio/cooperative gallery that has quickly emerged as a vital part of the city's artistic ambitions
- HACC - the Hillsboro Arts & Culture Council was formed in 2007, to oversee the formation and implementation of the City's arts agenda. Currently, HACC is working with staff and a consultant team to develop a public art program, with downtown being an important focus of their attention.
- Farmers' Markets - Hillsboro is fortunate to have two markets (one on Saturdays in summer and fall, the other during the summer on Tuesday evenings) which, along with other special events through-out the year, help to attract people to downtown.

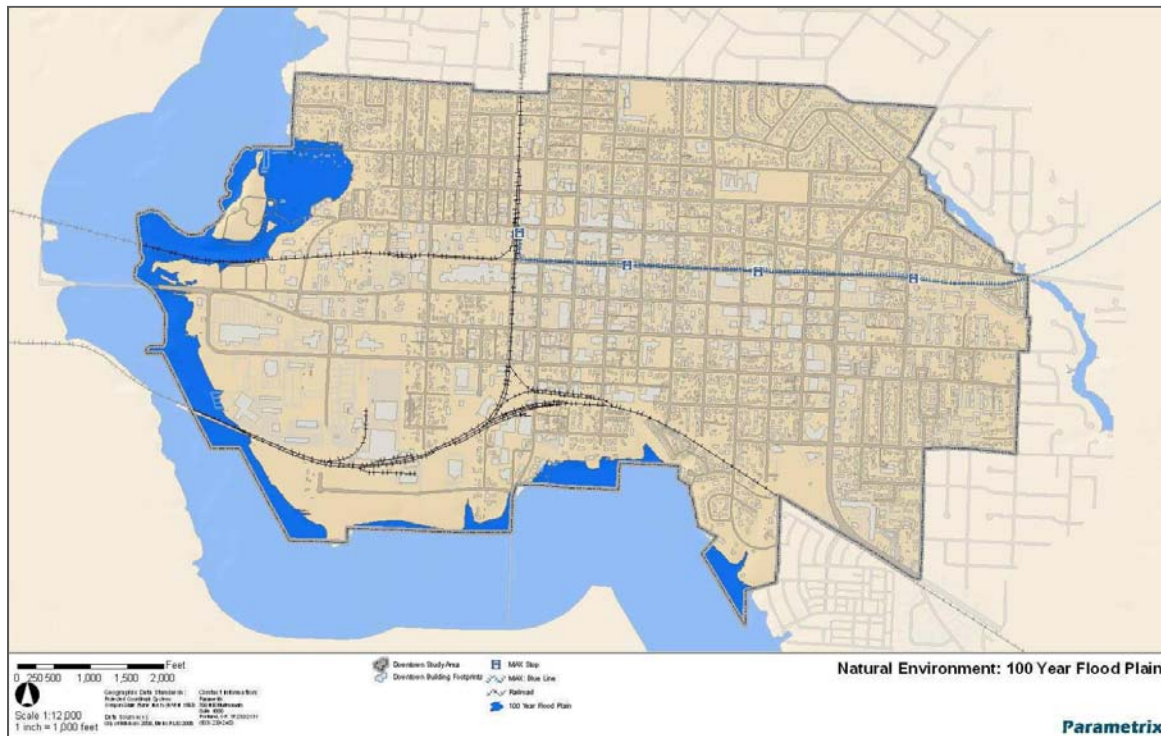
The Downtown Renaissance Project identified a series of other initiatives which the City ought to pursue, as funding allows. These include artists' live/work facilities, an artist-in-residence program, gateways and way-finding to better market downtown to visitors. It also endorses the formation of an urban renewal plan to assist in project funding.

Environment

Downtown has environmental constraints along the edges of the Area to the west and south. Most of the constraints are either 100-year floodplains or sensitive natural resources falling within existing parks or open space, such as Jackson Bottom and portions of the Southwest Industrial Area (see Figure 4).

The three natural hazards posing the greatest risk for Hillsboro are earthquakes, winter storms and floods. Of these, the risk from earthquakes and winter storms are relatively uniform across Hillsboro. However, the risk from floods (or dam failure) is limited to relatively small portions of Hillsboro adjacent to the Tualatin River and the tributary streams which run through Hillsboro, such as Dairy Creek.

Figure 4. 100-Year Flood Plain



Seismic risk is a concern for the Area, with higher seismic risk found near Jackson Bottom. Several earthquake faults are known to run in or near Washington County. Adding to the earthquake hazard within Washington County are other geological conditions that would serve to magnify the degree of shaking and the consequent damages the shaking would create. These conditions include clay/silt/loam soils and high water tables.¹

Parks, Open Space, and Recreation

A number of private and public parks and open spaces exist in or immediately adjacent to the Area. These include the Shute Park Aquatic & Recreation Center, various school fields, natural areas, cemeteries, and common spaces at county or residential buildings. The adequacy of parks systems are often measured by different levels of service that are based on a set ratio of acres to residents. However, this number does not necessarily represent the complete story. Each facility offers a different experience and may not always be available to the public. Schools and private fields have exclusive hours, or are not designed for recreation or use by the general public. Some neighborhood residents prefer nearby picnic and barbeque areas, others like baseball parks or nature trails – a simple ratio does not capture the diversity of needs.

The current Parks Master Plan (adopted February 2010) identifies a shortage of public parkland in the city. It also recognizes a need to balance a broad set of recreational preferences, from

¹ Multi-Hazard Mitigation Plan for Hillsboro, Oregon (September 2007)

active sports fields to developed facilities such as the Shute Park Aquatic and Recreation Center to natural areas. The Area includes Shute Community Park (14.28 acres), Bagley Neighborhood Park (1.92 acres), and Walnut Street Neighborhood Park (2.39 acres). It is also served by the nearby McKinney and Dairy Creek Neighborhood Parks and is close to large natural areas found along Dairy Creek to the west and in Jackson Bottom Wetlands Preserve to the south.

Total public park acreage within downtown is low given the number of downtown residents. Most of downtown is within just a few blocks of some form of open space or parks. That being said, there is an identified gap in park service for the South of Oak neighborhood and it should be considered a priority for future park development.

Bagley and Walnut Street Parks have modest accommodations for picnics and active recreation. The Parks Master Plan recommends renovations to Walnut Street Park. Bagley Park has recently been improved but there is a plan for a second phase of improvements that has not been funded. The master plan, along with the City's Transportation System Plan has also identified the need for safe pedestrian and bicycle access to the Jackson Bottom Wetlands Education Center.

Utilities

Downtown is well served by private and public utility providers. NW Natural serves the Area with natural gas and has two high pressure lines that intersect the Area. Overhead utility lines are found throughout downtown. The sanitary sewer system in the Area has a large amount of old clay and concrete lines, a material that is susceptible to damage from tree roots and earth movements. The City's Public Facility Plan calls for replacing most of the sanitary lines in the Main Street commercial district and in the Heart of Hillsboro neighborhood.

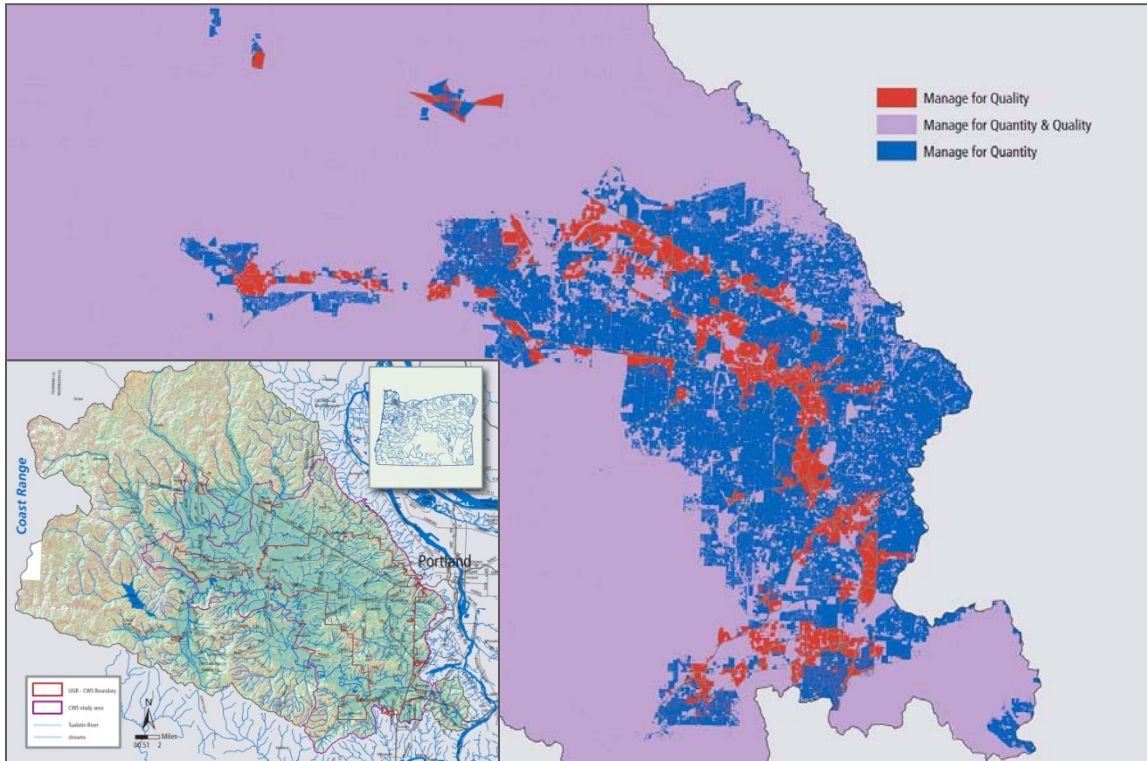
Stormwater Facilities

Hillsboro's stormwater drainage systems include a network of pipes, culverts, open and other natural drainage channels and stormwater facilities that eventually discharge into the Tualatin River. Clean Water Services (the water resource utility for the Tualatin River Watershed, including the City of Hillsboro) adopted the Healthy Streams Plan in June 2005, a plan to improve watershed and stream health for community benefit. Figure 5 shows CWS project priorities for stormwater quality and quantity management.

The areas around downtown Hillsboro are in need of improvements to stormwater quality, due to the degraded nature of the existing facilities and resultant discharge of contaminated stormwater to nearby streams. CWS has required stormwater runoff pretreatment for all new development since 1991, but areas largely developed before 1991 do not have pretreatment to protect water quality. If such older areas have urban development, high traffic, and commercial and industrial land uses, they are likely to generate stormwater runoff that is more contaminated than runoff from other areas. These older, high-intensity land use sub watersheds, like downtown Hillsboro, are typically the highest priority for stormwater quality management.

The Hillsboro Capital Improvement Program includes multiple projects to replace deficient storm lines in the Heart of Hillsboro neighborhood.

Figure 5. Tualatin River Watershed – Priorities for Stormwater Management



Land Use

Current land uses in the Area are generally consistent with the designated zoning categories. Businesses are the dominant use along Main Street west of 5th Avenue, Washington Street west of 8th Avenue, Baseline Street, and for much of Oak Street. Businesses are also the dominant use along 10th Avenue between Maple and Washington Streets and in the Southwest Industrial Area.

Single-family residential uses are predominant in nearly all residential areas surrounding the Main Street Commercial District with some pockets of townhomes, duplexes, and apartment buildings. Multi-family residential uses are clustered toward the eastern end of the Area south of Main Street, north of Maple Street, and east of 10th Avenue.

Downtown Hillsboro also has many larger parcels occupied by public facilities. There are a modest number of large surface parking lots and parking garages, few vacant lots, and few parks in the Area.

Zoning

The majority of the Area is zoned Station Community Residential or Station Community Commercial forming the core near the MAX light rail line. Approximately 35% of the Area has a Station Community designation. The next largest zone is M-2 Industrial covering approximately 22% of the total Area. The M-2 Industrial zoning is primarily found to the southwest of the Station Community core area. Residential zoning comprises approximately 13% of the total Area. The remainder of the Area, approximately 7% of the land, is zoned C-1 General Commercial, located mostly between Baseline and Walnut Streets west of Dennis Avenue. A small portion of the Area, less than 2%, is comprised of properties that are within two or more zoning districts ('split designation'). Approximately 21% of all land in the Area is within a public right-of-way (street, alley, railway, etc.).

The Station Community designations in the core of the Area consist of three commercially-focused and three residentially-focused zones. The Station Community Commercial zones include Highway-Oriented District (SCC-HOD), Station Commercial (SCC-SC) and Central Business District (SCC-CBD) zones that are closest to the light rail and other transportation corridors in downtown. The Station Community Commercial designations are surrounded by the three Station Community Residential zones, Downtown Neighborhood Conservation (SCR-DNC), Low Density (SCR-LD) and Medium Density (SCR-MD). The Low Density and Downtown Neighborhood Conservation districts are designed to allow appropriate infill and new development with a strong focus on neighborhood compatibility and protection of existing neighborhood character. The Medium Density residential zone also aims to protect existing neighborhood character and allows higher densities and more intense development.

The area of downtown Hillsboro within the Station Community Commercial Central Business District zoning is designated as the "Regional Center" under the Metro Region 2040 Growth Concept Plan. Adopted in 1998 the zoning development standards are generally built around a framework of light rail stations, such that more intense development should occur closer to the stations and intensity in density, heights, and massing should decrease as development occurs further from the stations and closer to the existing residential neighborhoods.

The surrounding residential, commercial, and industrial zones have standards that are typical of these general zoning districts.

Figure 6. Urban Renewal Area Comprehensive Plan Designations

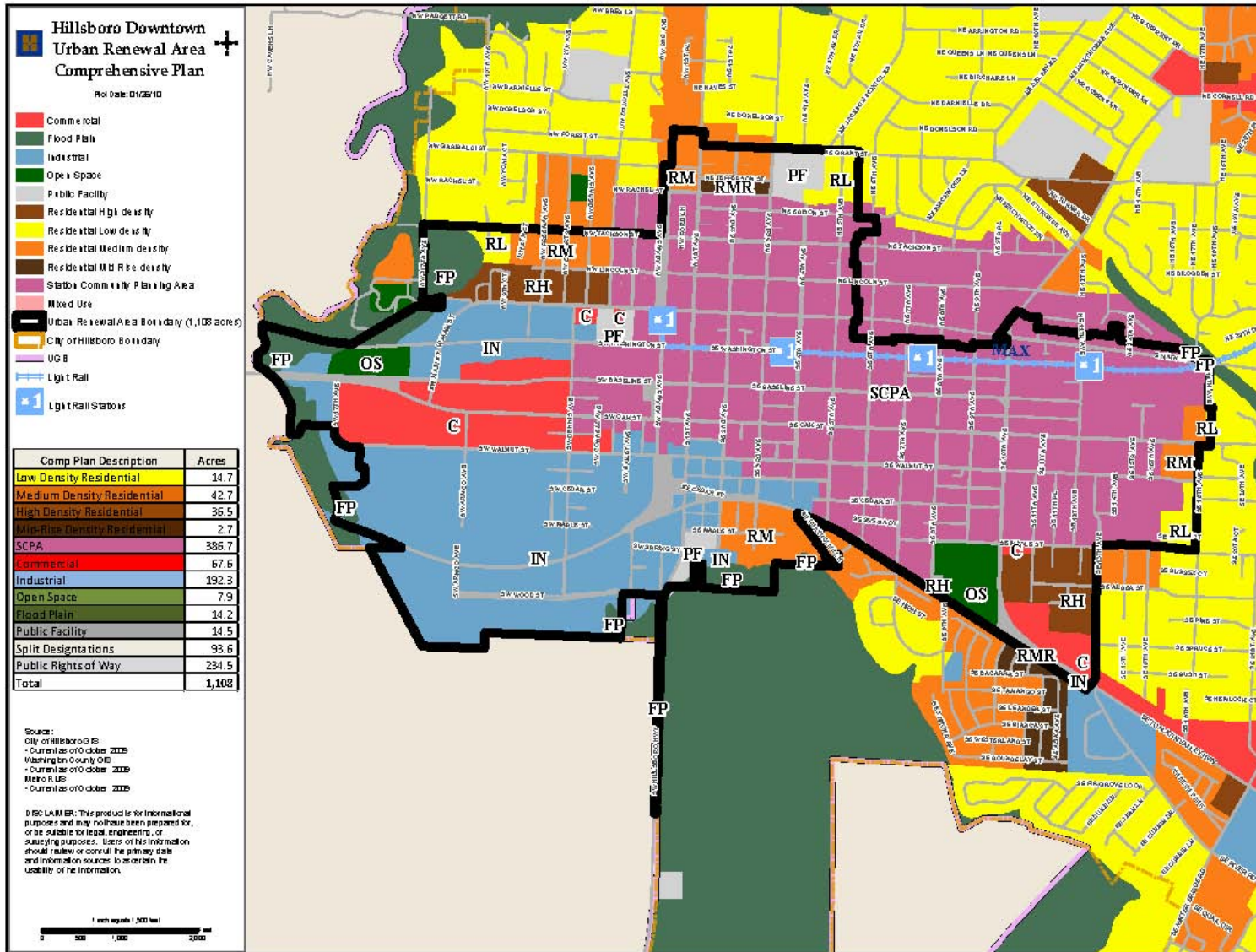


Figure 7. Urban Renewal Area Zoning District Designations

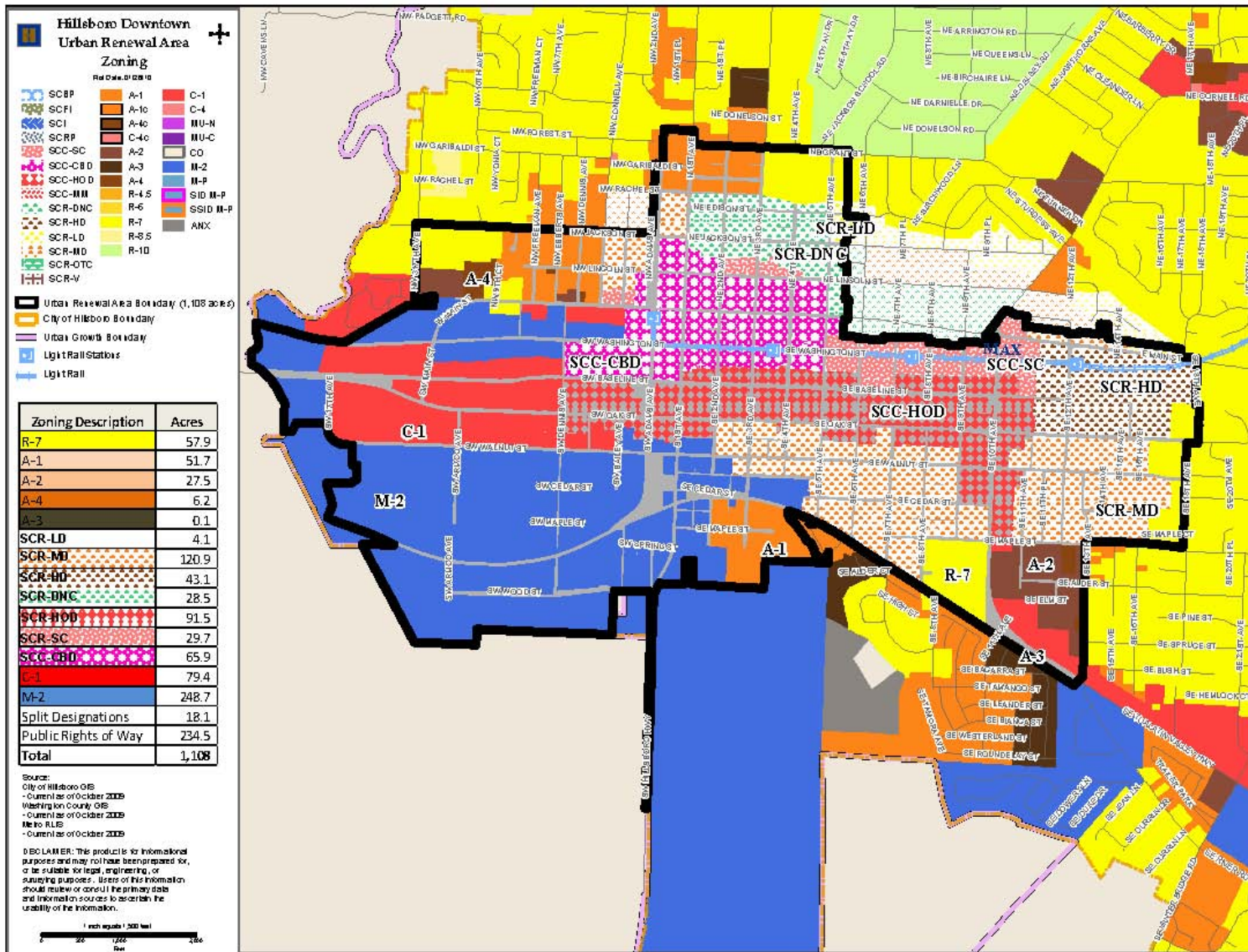
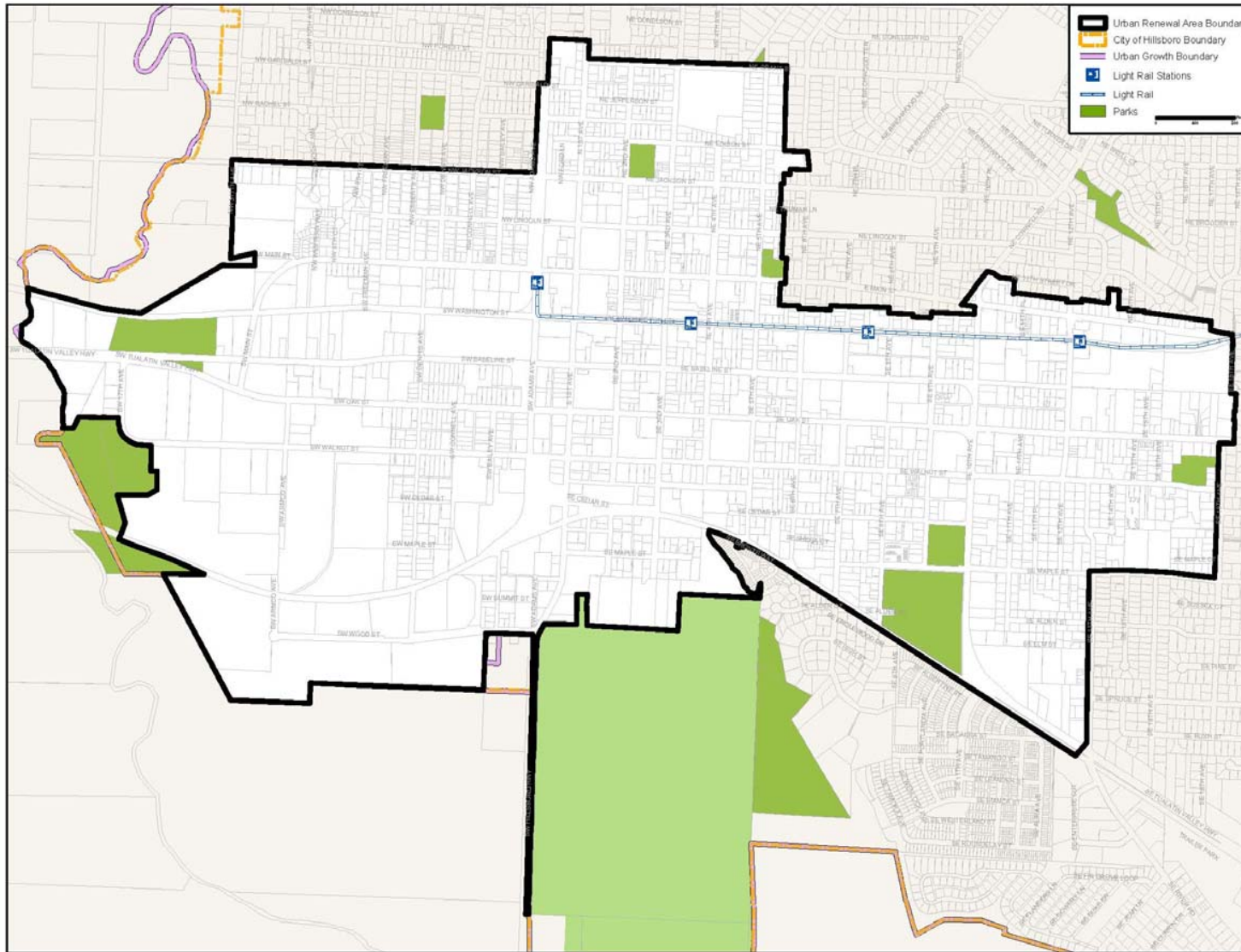


Figure 8. Urban Renewal Area Tax Lots



Lot Sizes

The sizes of lots affect the ability of a community to attract reinvestment. Lot size and orientation is particularly important for modern industrial, commercial, and mixed use developments. What follows is an assessment of the land divisions within each comprehensive plan map designation (see Table 1 below).

Table 1. Tax Lots in Area – Size by Comprehensive Plan Designation

| Comprehensive Plan Designation | Acres | No. of Tax Lots | Avg Lot Size | Median Lot Size | Min Lot Size | Max Lot Size |
|---|----------------|-----------------|--------------|-----------------|--------------|--------------|
| Low and Medium Density Residential | 57.4 | 220 | 0.26 | 0.18 | 0.0001 | 4.60 |
| High Density Residential | 39.2 | 199 | 0.20 | 0.15 | 0.0018 | 1.74 |
| Station Community Planning Areas | 386.7 | 1,413 | 0.27 | 0.18 | 0.0005 | 10.13 |
| Commercial | 67.6 | 83 | 0.81 | 0.31 | 0.0580 | 6.95 |
| Industrial | 192.3 | 208 | 0.92 | 0.26 | 0.0044 | 19.86 |
| Public Facility | 14.5 | 5 | 2.89 | 1.87 | 0.5100 | 8.04 |
| Flood Plain | 14.1 | 10 | 1.41 | 0.73 | 0.2009 | 5.05 |
| Open Space | 7.9 | 1 | 7.89 | 7.89 | 7.8900 | 7.89 |
| Split Designations | 93.6 | 29 | | | | |
| Public Rights of Way | 234.5 | | | | | |
| Total | 1,107.8 | 2,168 | | | | |

Notes:

Comprehensive Plan designations represent the planned future land uses in the Area and are not the same as zoning districts.

Lot sizes are represented in acres; an acre is 43,560 square feet.

Parcels with split designations have more than one comprehensive plan district that applies to a single lot.

Industrial properties in the Area are extremely small with a median lot size of about one-quarter of an acre or 11,433 square feet (median size is the point in which half of the lots are smaller and half are larger). Roughly 80% of the parcels are less than an acre and only six are larger than five acres. It is important to have an evenly distributed range of lot sizes, with a minimum of two acres to well over 20 acres, to recruit even moderate size industrial users.

Industry standards suggest development sites should be a minimum of half an acre for mixed use commercial/residential development with surface parking and at least an acre for mixed use with structured parking. These standards are intended for maximum efficiency of land and,

therefore, reduced costs and risk to the developer. Very few of the 1,413 lots in the Station Community portions of the Area meet the industry criteria – about 10%. Within this 10% of parcels, it is unlikely many are available for redevelopment, either because the property owner does not desire to invest in or sell the property or the improvements that exist on the property have financial or cultural value enough to not consider rehabilitation of the structure. The resulting effect is a small number of parcels available and appropriate for new mixed use development, as is envisioned in the Comprehensive Plan.

Transportation

The Area is served by two state highways and a number of arterials maintained by Washington County. The roadway network and transit system provide high levels of service with some notable constraints at certain intersections. Growth has been slow to moderate and parking supply has remained adequate for most of the commercial areas, at their current densities and uses. Freight and rail access are developed in the industrial district.²

Two state highways run through the Area, the Tualatin Valley Highway (TV Highway or Oregon 8) and 1st Avenue (Oregon 219). TV Highway has a posted speed limit of 30 mph, though west of Dennis Avenue speeds increase to 40 mph. Otherwise all streets in the Area are 25 mph.

Major roadways include:

- 1st Avenue (south of Baseline designated Oregon 219)
- 10th Avenue
- Baseline Street (Oregon 8)
- Hillsboro Highway (short segment at the transition with 1st Avenue.)
- Oak Street (Oregon 8)
- Tualatin Valley Highway (Oregon 8)

FLOW, VOLUMES AND TRAVEL TIMES

Traffic volume growth in Hillsboro has been focused toward the eastern city limits, but growth within the downtown has been slow. 2001 studies of volumes on TV Highway have indicated only a 2% growth over five years west of Brookwood. Similarly, Cornell has seen a 5% increase in volumes west of Brookwood, which is primarily outside the Area, but serves downtown. The City's Transportation System Plan (TSP) includes travel time studies for Cornell and TV Highway. Both routes have seen travel times increase, resulting in average speeds falling 4 mph. While much of this change is likely outside the Area, it affects those traveling to or from downtown.

The downtown has a unique mix of one-way and two-way streets at its core along 1st Avenue. This system can be confusing for some where it transitions from a one-way to a two-way network.

Roadways within the Area include those managed by Oregon Department of Transportation (ODOT), Washington County and the City. Many of the intersections have traffic signals in downtown and are also split among agencies for ownership.

² Most of the data used for this report is from the 2004 update to the Transportation System Plan (TSP).

ODOT Maintained Roadways:

- 1st Avenue (south of Baseline Street)
- Baseline Street (west of 10th Avenue)
- Oak Street (west of 10th Avenue)
- 10th Avenue (south of Baseline Street)
- Tualatin Valley Highway

Washington County Maintained Roadways:

- 1st Avenue (north of Baseline Street)
- 10th Avenue / Cornell Road (north of Baseline Street)

LEVEL OF SERVICE

The 2001/2002 study of intersections for the TSP included 12 intersections in the Area. All but three of these intersections were evaluated as having acceptable levels of service. 1st Avenue and Walnut Street received an inadequate rating and is an unsignalized intersection. The intersections of 10th Avenue with Oak and Baseline Streets received a D rating, which represented a decrease in level of service from the previous study in 1996.

COLLISIONS

Downtown includes six of the top ten intersections for collisions in the entire city. These intersections are primarily on 10th Avenue, with two on 1st Avenue. The six high-incident intersections combined had 92 collisions in 2002. However, it should be noted that none of the six downtown intersections made it onto the County's prioritized list, suggesting the severity of the crashes were less serious.

PUBLIC TRANSIT

Downtown Hillsboro public transit is provided by TriMet. Four bus routes and MAX light rail serve the Area with a focus on four MAX stops, spaced approximately every four blocks. The MAX line serves County and City offices, Pacific University and Tuality Hospital.³ The Area also includes a transit center and a park and ride facility. All routes provide better than 30-minute headways (frequency).

Most of the Area is within either a quarter mile of a bus stop or a half mile of light rail. In 2008, approximately 11% of the workforce living in the Area used public transportation to commute to work. The northwestern portion of the Garden Tracts Neighborhood is not within accepted distances to be considered served by transit. Similarly, a portion of the Southwest Industrial Area is not fully served by transit.⁴

³ Parametrix analysis: Metro RLIS data.

⁴ Parametrix analysis based on TSP methodology: Metro RLIS Data

PARKING

Studies conducted in 2007 indicate that the Area is well supplied with private and public parking options, though not always in high-demand locations. There are 7,526 parking stalls in the downtown commercial district, 26% are public and the remainder are private stalls with a wide variety of access limitations. Approximately two thirds of on-street stalls are limited to two hours; the other third has no limit. The TriMet park and ride facility at 1st Avenue and Washington Street is the primary source of off-street public parking.

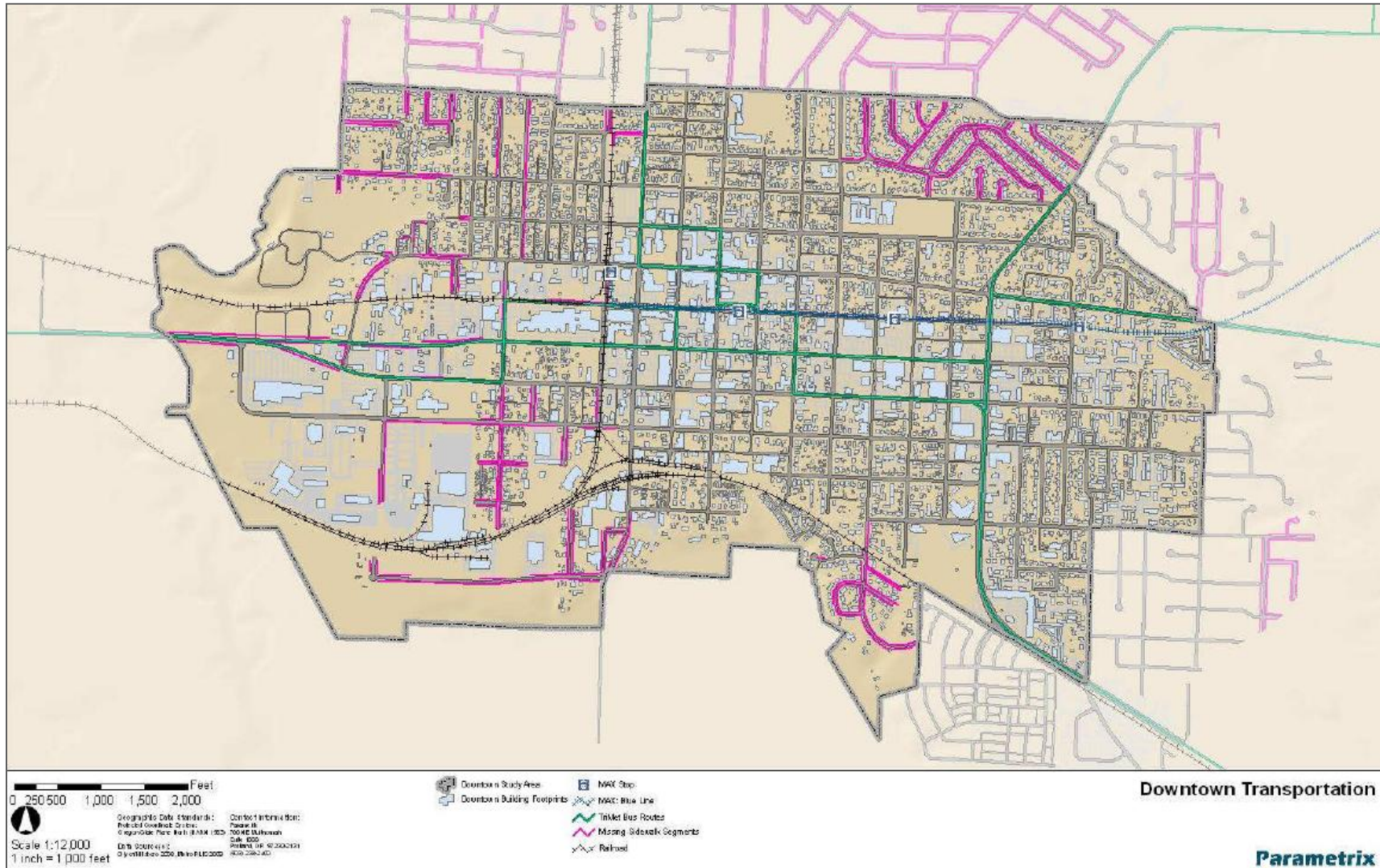
Average stays indicate an efficient use of parking in downtown. However, there are some localized areas of parking congestion, mainly near the Civic Center in the western portion of the Main Street commercial district. This may be a concern that grows with time. Additionally, as the downtown commercial area fills in, transitioning surface parking lots to structured parking may prove beneficial in gaining additional land for economic growth.

BICYCLE AND PEDESTRIAN

Limited bicycle counts exist for downtown. Bicycle lanes are largely missing from the Area. Lanes can be found on some arterials leading to downtown, but they end just after entering the Area.

Pedestrian surveys from 2001 and 2002 focused on 1st Avenue, 10th Avenue and Main Street. Pedestrian use is heaviest within downtown, with 2001/2002 counts reaching as high as 57 pedestrians at peak hour, but averaging closer to 20 at peak hour. The key arterials in downtown have sidewalks, though missing segments exist west of Dennis Avenue, on Oak Street and Baseline Street. Similar to transit service gaps, more missing sidewalk segments exist in the Garden Tracts Neighborhood, Southwest Industrial Area and the South of Oak Street Neighborhood. For redevelopment and future construction, current Development Code requires sidewalks be five to 12 feet in width, depending on location.

Figure 9. Missing Sidewalk Segments in Downtown Hillsboro



TRUCKS AND FREIGHT

Three main freight routes exist in downtown. 1st Avenue provides north-south freight movement and Baseline/Oak provide east-west movement. 10th Avenue and its connections to Cornell Road and TV Highway provide a north-south route in the eastern portion of the Area. Walnut Street, a residential collector, is designated by the City as a route to connect TV Highway with 1st Avenue and the Southwest Industrial Area, but connections in and around the industrial area are lacking.

RAIL

The Portland & Western Company operates freight rail lines within the Area. This includes a north to south line that parallels Adams Street and a line from west to east that parallels Baseline roughly one block north. The third line runs from west to east through the Southwest Industrial Area and parallels TV Highway from 10th Avenue and on to the east. Three rail accidents have been documented between 1993 and 2003, all outside of the Area.

C Social and Economic Conditions

This section highlights key demographic data and trends.

Table 2 below, shows that the 2008 population of the Area was approximately 13,000 and the city of Hillsboro was 85,000. Both areas have experienced population growth since 2000, but the city grew nearly twice as fast as the Area over that time period.

Table 2. Population in the Area and City of Hillsboro, 2000 and 2008

| | 2000 | 2008 | Change 2000-2008 | | |
|-------------------|--------|--------|------------------|---------|-------|
| | | | Number | Percent | AAGR |
| Area | 11,658 | 12,857 | 1,199 | 10% | 1.23% |
| City of Hillsboro | 70,186 | 85,453 | 15,267 | 22% | 2.49% |

Source: Claritas 2008, Block Group Level; U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey.

Table 3 and Table 4 display the age profile for the Area and city of Hillsboro. Residents of the Area tend to be younger than residents for the city of Hillsboro. In 2008, 24% of Area residents were aged 45 or older, compared to 29% of residents citywide. Between 2000 and 2008, both the Area and the city as a whole experienced a shift in population from younger to older age groups. In the Area, the share of population under 25 years old decreased by 5%, while the share of population aged 45-64 increased by 4%.

Table 3. Age Composition in the Area, 2000 and 2008

| Age | Percent of Population | | Change in Share 1990-2008 |
|-------------|-----------------------|------|------------------------------|
| | 2000 | 2008 | |
| Under 25 | 44% | 39% | -5% |
| 25-44 | 36% | 37% | 1% |
| 45-64 | 13% | 17% | 4% |
| 65 and over | 7% | 6% | 0% |

Source: Claritas 2008, Block Group Level

Note: Percentages are rounded to the nearest whole number.

Table 4. Age Composition in the City of Hillsboro, 2000 and 2008

| Age | Percent of Population | | Change in Share 1990-2008 |
|-------------|-----------------------|------|------------------------------|
| | 2000 | 2008 | |
| Under 25 | 40% | 36% | -4% |
| 25-44 | 37% | 35% | -2% |
| 45-64 | 17% | 22% | 5% |
| 65 and over | 6% | 7% | 1% |

Source: U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey.

Note: Percentages are rounded to the nearest whole number.

As shown in Table 5 and Table 6 the racial and ethnic composition of both the Area and the city of Hillsboro remained relatively consistent between 2000 and 2008. Both areas saw a slight decrease in the percent of White residents, and a slight increase in the percent of residents that identify as Hispanic. In 2008 the Area had a smaller share of White and Asian residents than the city of Hillsboro. Both areas exhibit a similar trend of increasing diversity among residents.

Table 5. Racial and Ethnic Composition of the Area, 2000 and 2008

| Age | 2000 | | 2008 | | Change in Share 2000-2008 |
|-----------------------|---------------|-------------|---------------|-------------|------------------------------|
| | Number | Percent | Number | Percent | |
| White | 7,139 | 61% | 7,445 | 58% | -3% |
| Black | 147 | 1% | 216 | 2% | 0% |
| Native American | 141 | 1% | 187 | 1% | 0% |
| Asian & Pac. Islander | 115 | 1% | 98 | 1% | 0% |
| Other | 3,719 | 32% | 4,440 | 35% | 3% |
| Two or More | 397 | 3% | 471 | 4% | 0% |
| Hispanic Origin | 899 | 8% | 1,254 | 10% | 2% |
| Total | 11,658 | 100% | 12,857 | 100% | 0% |

Source: U.S. Census Bureau Census 2000, Claritas 2008, Block Group Level

Note: Percentages are rounded to the nearest whole number

Table 6. Racial and Ethnic Composition of the City of Hillsboro, 2000 and 2008

| Age | 2000 | | 2008 | | Change in Share 2000-2008 |
|-----------------------|---------------|-------------|---------------|-------------|------------------------------|
| | Number | Percent | Number | Percent | |
| White | 54,391 | 77% | 65,667 | 79% | 1% |
| Black | 858 | 1% | 1,836 | 2% | 1% |
| Native American | 577 | 1% | 190 | 0% | -1% |
| Asian & Pac. Islander | 4,762 | 7% | 7,085 | 9% | 2% |
| Other | 7,285 | 10% | 5,360 | 6% | -4% |
| Two or More | 2,313 | 3% | 3,094 | 4% | 0% |
| Hispanic Origin | 13,262 | 19% | 18,576 | 22% | 3% |
| Total | 70,186 | 100% | 83,232 | 100% | 0% |

Source: U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey.
 Note: Percentages are rounded to the nearest whole number.

Economic Conditions

This section discusses several measures of the economic conditions of the Area. Specifically, household income, employment, housing unit occupancy, and the “Improvement to Land Ratio” are included to provide an overview of individual level and community-wide economic well-being.

DEVELOPMENT

The improvement to land value ratio (I/L) describes the real market value of a building to the land it is located on. Low I/L ratios in an area indicate properties are vacant or underutilized, which can be characteristics of blight. About 12% of the land in the Area has no improvement value, indicating it is vacant. An additional 5% of the land in the Area has an I/L ratio between 0 and 0.25, suggesting it is underdeveloped.

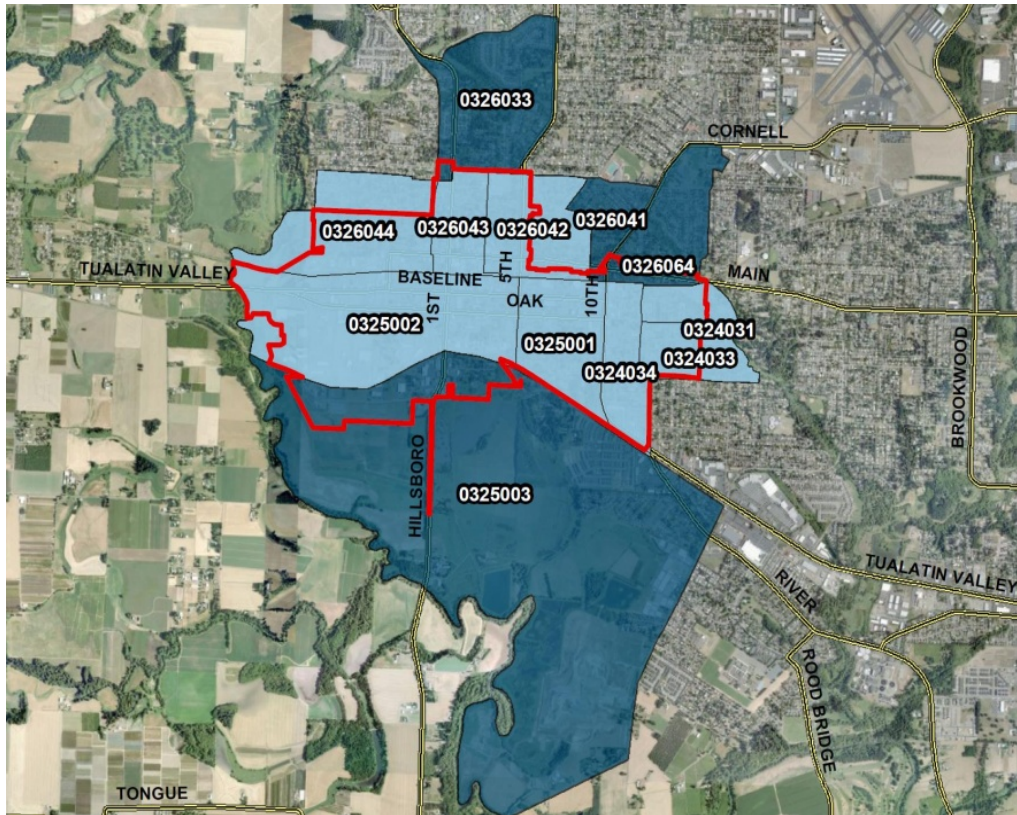
Within the Area, vacant and underutilized land is most heavily concentrated in two areas:

- The area south of Washington Street, north of Wood Street and west of 5th Avenue, along with land adjacent to Highway 219 to the south.⁵
- The area south of Jackson Street, north of Washington Street, west of Adams Avenue, and east of 317th Avenue.⁶

⁵ Washington County Census Tract 325 Block Groups 2 and 3

⁶ Washington County Census Tract 326.04, Block Group 4

Figure 10. Census Tracts and Block Groups of the Area



INCOME

Table 7 and Table 8 present trends in household income for the Area and the city of Hillsboro. Compared to the city of Hillsboro as a whole, the Area has lower household incomes. In 2008, 22% of households in the Area had income less than \$20,000, nearly double the percent of households citywide. Only 19% of households in the Area had an annual income of \$75,000 or more, compared with 36% citywide.

According to the 2008 American Community Survey, the median household income in Hillsboro was \$65,650. According to 2008 Claritas data, the median household incomes in the eight Area block groups ranged from around \$30,000 to around \$54,000.

While still significantly lower than citywide household income, households in the Area experienced a shift from lower to higher income brackets between 2000 and 2008. Viewed together, the percent change over time illustrates that household incomes were rising in the Area. The percent of Area households earning less than \$40,000 per year decreased from 56% to 46%, compared to a 38% to 31% decrease in households citywide earning less than \$40,000 in the same time period. The cost of living also increased during this time, and the data do not necessarily reflect growth in real (inflation-adjusted) income.

Table 7. Household Income in the Area, 2000 and 2008

| Household Income | 2000 | 2008 | Change in Share 2000-2008 |
|-------------------------|-------------|-------------|----------------------------------|
| Less than \$20,000 | 26% | 22% | -5% |
| \$20,000 to \$29,999 | 14% | 10% | -4% |
| \$30,000 to \$39,999 | 15% | 14% | -2% |
| \$40,000 to \$49,999 | 13% | 13% | 0% |
| \$50,000 to \$59,999 | 11% | 10% | -1% |
| \$60,000 to \$74,999 | 9% | 12% | 3% |
| \$75,000 or more | 11% | 19% | 8% |
| Total | 100% | 100% | 0% |

Source: U.S. Census Bureau Census 2000, Claritas 2008, Block Group Level
 Note: Percentages are rounded to the nearest whole number

Table 8. Household Income in the City of Hillsboro, 2000 and 2008

| Household Income | 2000 | 2008 | Change in Share 2000-2008 |
|-------------------------|-------------|-------------|----------------------------------|
| Less than \$20,000 | 14% | 11% | -3% |
| \$20,000 to \$29,999 | 11% | 11% | 0% |
| \$30,000 to \$39,999 | 13% | 9% | -4% |
| \$40,000 to \$49,999 | 6% | 8% | 2% |
| \$50,000 to \$59,999 | 12% | 11% | -2% |
| \$60,000 to \$74,999 | 15% | 14% | -1% |
| \$75,000 or more | 28% | 36% | 8% |
| Total | 100% | 100% | 0% |

Source: U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey.
 Note: Percentages are rounded to the nearest whole number.

EMPLOYMENT

The Area has higher unemployment rates and lower labor force participation than the city of Hillsboro as a whole. In 2000 and 2008 the Area’s unemployment rate was roughly double the city average. In 2008, labor force participation in the Area was 65%, compared to 73% citywide. This indicates that residents of the Area could benefit from increased employment opportunities (especially higher wage jobs), job training, and other workforce development efforts. At the time of writing (winter 2009/10), the nation is experiencing unprecedented economic shifts. Unemployment is at record levels and Oregon’s rates are particularly high. The data do not reflect the recent fluctuations.

Table 9. Employment in Area and City of Hillsboro, 2000 and 2008

| | Hillsboro | Area |
|--------------------|------------------|-------------|
| 2000 | | |
| Employed | 21,080 | 4,966 |
| Unemployed | 1,015 | 586 |
| Not in Labor Force | 4,660 | 2,922 |
| Percent Unemployed | 5% | 11% |
| 2008 | | |
| Employed | 43,951 | 5,488 |
| Unemployed | 2,564 | 659 |
| Not in Labor Force | 17,117 | 3,367 |
| Percent Unemployed | 6% | 11% |

Source: Claritas 2008, Block Group Level; U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey

HOUSING TENURE

While the number of housing units in the Area increased from 2000 to 2008, the mix of rental to owner-occupied remained the same. Approximately two thirds of units are rentals and one third of housing units are owner-occupied. The Area has a much lower share of owner-occupied units than the city of Hillsboro, 35% compared to 57%, respectively. The low level of homeownership, coupled with the low household incomes in the Area, indicates that residents could benefit from affordable housing programs.

Table 10. Number of Housing Units by Occupancy Type, 2000 and 2008

| Year | Owner-occupied | | Renter-occupied | |
|------------------|----------------|---------|-----------------|---------|
| | Households | Percent | Households | Percent |
| Area | | | | |
| 2000 | 1,113 | 35% | 2,086 | 65% |
| 2008 | 1,191 | 35% | 2,250 | 65% |
| Hillsboro | | | | |
| 2000 | 13,118 | 52% | 11,912 | 48% |
| 2008 | 17,334 | 57% | 12,996 | 43% |

Source: Claritas 2008, Block Group Level; U.S. Census Bureau Census 2000; U.S. Census Bureau, 2006-2008 American Community Survey

D Service Impacts

Plan activities are intended to eliminate current and prevent future blighting conditions in the Area. The Plan anticipates improving facilities for public services, including transportation safety projects, enhancements to parks and recreation facilities, and improved management of stormwater throughout the Area, and also assistance with general improvements to private properties (through partnership with property owners) that lead to safer, more healthful structures.

Economic growth of downtown is expected to be largely accommodated through infill development and rehabilitation or reuse of structures, as there are few large, vacant parcels in the Area. The Hillsboro Comprehensive Plan anticipates growth of the regional center, which the Plan will assist in carrying out. Therefore, activities related to the Plan are not expected to increase service demand beyond what is already projected.

Private reinvestment in areas undergoing revitalization is rarely contained only within an urban renewal area. It is expected that additional rehabilitation activities will be found in the neighborhoods adjacent to the Area. The combined effect of improved safety and access, increased private investment, and enhanced public facilities and other amenities throughout downtown is one of increased quality of life for a broad range of employees and residents. The impacts to the community are difficult to quantify, but significantly assist with achieving the Downtown Framework Plan goal of offering, "*A home town for the future [with] a unique atmosphere and mixture of lifestyles and choices. Residents, workers, students, retirees, and visitors feel safe in the neighborhoods, on the streets, and in public places.*"

The investments made with tax increment funds from the Area are expected to produce a more robust tax base from redevelopment and rehabilitation. Once the City begins to implement the urban renewal projects, the increased revenues will be shared with all of the taxing districts, during and after urban renewal.

With investment from urban renewal, we anticipate property in the Area will grow in assessed value from \$440 million in 2010 to \$3.3 billion in 2046. Without urban renewal investment, it is likely that assessed value in the Area would grow in accordance with historical trends, to about \$2.3 billion by 2046. The increased value due to urban renewal will generate significant tax revenues for overlapping taxing districts, after all urban renewal debt is retired in 2046. Additionally, the Area will share some Tax Increment Financing (TIF) revenue with other taxing districts during the life of the Area, as determined by HB 3056 (explained later in this report).

E Reasons for Selection of the Area

The Area was selected to address the economic and physical deficiencies in downtown Hillsboro and to assist with realizing the goals and policies of the Hillsboro Comprehensive Plan and other adopted plans and policies.

Main Street Commercial District

The Main Street Commercial District forms the core of downtown Hillsboro, but has been languishing behind other commercial districts in the city and the region.

- There exist poorly constructed and unfit structures within the commercial district, impacting public safety and potential service demands in the Area.
- Some of the buildings in the district require upgrading for modern commercial uses – storefronts that are degraded and interior spaces with ceilings too low or sizes not adequate for vital retail services.
- The risk of earthquakes requires retrofitting and upgrading of existing structures to provide safe tenancy.
- Values of commercial properties within the district have not kept pace with newer or revitalized commercial areas in the city and region.
- There are blocks that have been developed in such a way that impedes efficient transportation circulation, including a disjointed network of alleyways.
- The street network is not conducive to efficient walking or bicycling transportation into and around downtown.
- While the MAX light rail and bus lines are nearby, safe and efficient connections to the lines are undersupplied.
- There are historic structures in need of improvements in order to ensure proper utilization of land and protect the community's cultural identity, laying the foundation for an environment that supports development.

Baseline / Oak Streets and 10th Avenue Commercial Corridors

The Baseline / Oak Streets and 10th Avenue Commercial Corridors are similar in nature. They contain low-scale buildings that were originally constructed for strip highway commercial and do not meet the need for modern and universally accessible commercial districts.

- There exist structures that are not well-suited for vital retail uses because the tenant spaces are too large or the buildings were not constructed to accommodate a variety of businesses and, therefore, sit partially used.
- The risk of earthquakes requires retrofitting and upgrading of existing structures to provide safe tenancy.

- Commercial properties along the corridors are underdeveloped, with an excess of surface parking lots, and many have not experienced significant reinvestment for years.
- The overall character of development in the corridors is not of high quality, therefore deterring new investment to the area.
- Pedestrians and bicycles are extremely limited in access, with missing or inadequate sidewalks, bike lanes, protected crossings, and transit facilities.
- The corridors lack clearly identified connections to the MAX light rail line and to other community amenities, including access to parks or open space.
- Intersections and crossings along the corridors are unsafe for all modes of travel due to deficiency in traffic management improvements.
- Pedestrian scale lighting and directional signage for local destinations is insufficient.
- There exist areas with uninterrupted multi-block private development (sometimes referred to as 'super blocks'), resulting in autos traveling through residential neighborhoods to reach the Main Street Commercial District, further impacting safety of surrounding neighborhoods.
- There are also blocks within the corridors that have been parcelized to such a degree that commercial investment is hindered by the small and inefficient lot sizes and disparate ownership patterns.

Southwest Industrial Area

The Southwest Industrial Area has been decaying for some time due to lack of appropriate infrastructure, parcel sizes, and general layout favorable for 21st century employment uses.

- Most of the structures within the industrial area are unfit to accommodate modern users, who require tall ceiling heights and unencumbered spans for inventory systems and other equipment.
- Values of the industrial property in the area continue to decline as the values of other industrial areas in the city and region are increasing with new investments.
- Employees have limited access to parks and open space and they lack a safe way to commute to the area by foot or bicycle or to safely link to transit facilities.
- Freight routes for trucks are hampered by the need to travel along residential collector streets and an underdeveloped transportation network that includes many dead-ended public streets.
- Portions of the area are within the 100-year floodplain, which could be contributing to the lack of investment in the area.
- Ownership patterns and tax lot sizes in parts of the district are largely inadequate for redevelopment of industrial uses. Additionally, most of the larger parcels are underutilized and only partially developed.

Tuality / Pacific Health Education campus

The Tuality / Pacific Health Education campus has the opportunity to stitch together the Commercial Corridors to the Main Street Commercial District, but does not have the public gathering spaces and infrastructure to fully realize the integration.

- The risk of earthquakes requires retrofitting and upgrading of existing structures to provide safe tenancy.
- There are not enough housing choices affordable to a range of students, employees, and clients of the hospital and university that support the full potential of economic growth.
- The transportation system in portions of the district is deficient in sidewalks and safe passageways for bicycles.
- The district features a considerable amount of under-utilized land, primarily surface parking lots, which over time can be redeveloped with new private investments supporting the growth and expansion of the health education campus.

Garden Tracts Neighborhood

The Garden Tracts Neighborhood contains a mix of low density and medium density residential zoning, with the southern portions adjacent to a small industrial area.

- Some new development has occurred in the area over the past few years, but the design and quality of the structures is not compatible with the traditional design character of the neighborhood, impacting the area's economic viability.
- Much of the neighborhood lacks basic infrastructure elements such as sidewalks, street lighting, linkages to transit facilities, and curbs or stormwater management systems.
- There are few parks or civic facilities within the neighborhood, which are needed to encourage high-quality residential rehabilitation and development.

Heart of Hillsboro Neighborhood

The housing found in the Heart of Hillsboro Neighborhood has the potential to support additional economic development of the Main Street Commercial District directly to the south, through moderate density infill development in appropriately zoned areas.

- Improvements to the soundness and safety of some residential structures in the area are required to ensure a healthy mix of housing choices for downtown employees.
- The neighborhood contains cultural resources, some of which require additional improvements for long-term conservation.
- Similar to the other residential neighborhoods in the Area, basic infrastructure is needed in places, including stormwater management systems and street lighting. A number of block faces also lack street trees.

- Safe crossings and routes to the former Peter Boscow School site are needed to maintain and enhance utilization of the facility.

South of Oak Street Neighborhood

The South of Oak Street Neighborhood has been struggling to overcome the lack of basic infrastructure and connections to the rest of downtown.

- The neighborhood has experienced a shift between residential and industrial zoning designations over the years, which in places has resulted in an unsafe and unfit living environment.
- There are no conveniently-located parks or recreation facilities available for residents and employees.
- The area has experienced little new development or significant redevelopment in recent years, due to the lack of infrastructure and basic services.
- There is an incomplete system of improved streets and the few major through-roads often carry truck traffic traveling to the Southwest Industrial Area.
- Jackson Bottom Wetlands Preserve is nearby, but there is no safe way to walk or bike to the preserve.
- Safe routes for travel through the neighborhood are deficient, especially to community facilities such as David Hill School and the Boys and Girls Club.

East of 10th Avenue Neighborhood

The East of 10th Avenue Neighborhood was mostly built out in the 1960s and 1970s.

- Many of the structures are showing their age and are in need of improvements to maintain property values and provide safe living environments.
- In order to accommodate the high and medium density residential uses envisioned for this neighborhood, additional infrastructure and amenities will be required, including streetscape enhancements, additional private and public open space, stormwater management, and a safe transportation system.
- Walnut Park serves the area and is in need of renovation.
- Erratic parcelization and vacation of local streets has led to multi-block developments that do not allow convenient travel within the neighborhood, to downtown, or to the public transit system.

F Relationship between Projects and Area Conditions

All projects identified in section 3 of the Plan were selected to address economic and physical deficiencies in the Area, as described above.

Assistance for Commercial, Industrial, Mixed-use, and Storefront Improvements

Grants and loans to property owners and business owners will help improve the Area and, therefore, property values. Assistance will also address disinvestment by reducing the costs and risks of development in the Area, thereby making quality rehabilitation, preservation, development, or redevelopment more financially feasible. Such improvements are more likely to attract and retain businesses and jobs, as well as residents and visitors.

Public Transportation Facilities

Transit improvements will address the lack of universal access to buses and light rail through improvements to shelters, safe pathways, and wayfinding signage. Off-street parking facilities will address the growing need for parking while allowing for redevelopment of surface parking lots and increased economic activity in the commercial core. These investments promote efficient use of existing street and transit investments thereby enhancing the financial viability of new development.

Public Cultural and Community Facilities

The development of facilities for public safety, recreational, cultural and social purposes will alleviate the lack of such facilities in the Area, which contributes to the poor environment for development.

Workforce Training and Business Development Facilities

Improvements for facilities that support private business development and skill training will catalyze businesses to build and expand operations in the Area.

Street and Streetscape Improvements

Right of way improvements support safe passage of residents, employees and visitors to and through downtown. Assistance with improvements also lessens the financial risk and obligations of new development.

Housing Preservation and Development

Conserving the existing housing stock and allowing for a greater number of downtown employees to live closer to where they work, will further stabilize the community and assist with creating additional employment opportunities in downtown.

Parks, Trails and Community Recreation Facilities

Parks and open space amenities will help to create an environment conducive to investment. The facilities will also aid in supporting the growing numbers of Area residents, visitors, and employees.

Quality and Sustainable Development

Investments into quality planning and building materials and in environmentally sustainable building techniques will further prevent blighting conditions throughout the Area, and reduce the long term maintenance and operational costs of improvements.

G Estimated Project Costs and Revenues

Project Costs

Anticipated total project costs are displayed in Table 11 below. This list is based on known projects at the time of preparation. Changes to the Maximum Indebtedness as well as annual budgeting processes may alter the project list, costs, or timeline of implementation. The costs for administration include staff, materials and services, and reimbursement to the City of Hillsboro for planning and administration costs incurred in the formation of the Urban Renewal Plan.

Table 11. Project Costs

| Project | Total Cost |
|--|-----------------------|
| Assistance for new development | \$ 22,500,000 |
| Storefront improvements | 1,000,000 |
| Public transportation facilities | 10,000,000 |
| Public, cultural, and comm. facilities | 7,000,000 |
| Workforce development | 10,550,000 |
| Street improvements | 6,000,000 |
| Streetscape improvements | 3,000,000 |
| Housing | 21,500,000 |
| Parks, trails, and recreation | 5,890,000 |
| Administration | 11,400,000 |
| Financing costs | 2,559,490 |
| Total | \$ 101,399,490 |

Source: ECONorthwest, 2010. All amounts reported in nominal dollars.

Project Revenues

Anticipated project revenues for the urban renewal share of the project costs shown above will consist of the proceeds of long term and short term tax increment bonds, interest on balances in the project fund, and program income (e.g., repayment of loans issued under the Plan, rents received from HEDC-owned property, sale proceeds from acquired property). Anticipated revenues are shown in Table 12.

Table 12. Anticipated Revenues

| Source | Total |
|-------------------|-----------------------|
| Long-term debt | \$ 89,999,490 |
| Short-term debt | 21,824,380 |
| Interest earnings | 13,603,272 |
| Program income | 11,347,637 |
| Total | \$ 136,774,778 |

All values in nominal dollars, and not adjusted for inflation

H Anticipated Project Schedule

Some projects, like storefront improvement grants, will be ongoing, incurring annual expenses for the duration of the Area. Other projects, like capital improvements, will occur in specific years. Table 13 shows the years of expenditures for each project.

Table 13. Project Schedule

| Project | Schedule |
|--|--------------------------|
| Assistance for new development | 2014 - 2037 |
| Storefront improvements | 2013 - 2037 |
| Public transportation facilities | 2018, 2025 |
| Public, cultural, and comm. facilities | 2014 - 2016, 2020 - 2037 |
| Workforce development | 2013 - 2034 |
| Street improvements | 2015 - 2037 |
| Streetscape improvements | 2015 - 2016, 2020 - 2037 |
| Housing | 2015 - 2037 |
| Parks, trails, and recreation | 2015 - 2016, 2020 - 2036 |

Source: ECONorthwest, 2010

I Financial Analysis of Plan

Anticipated Tax Increment Revenues

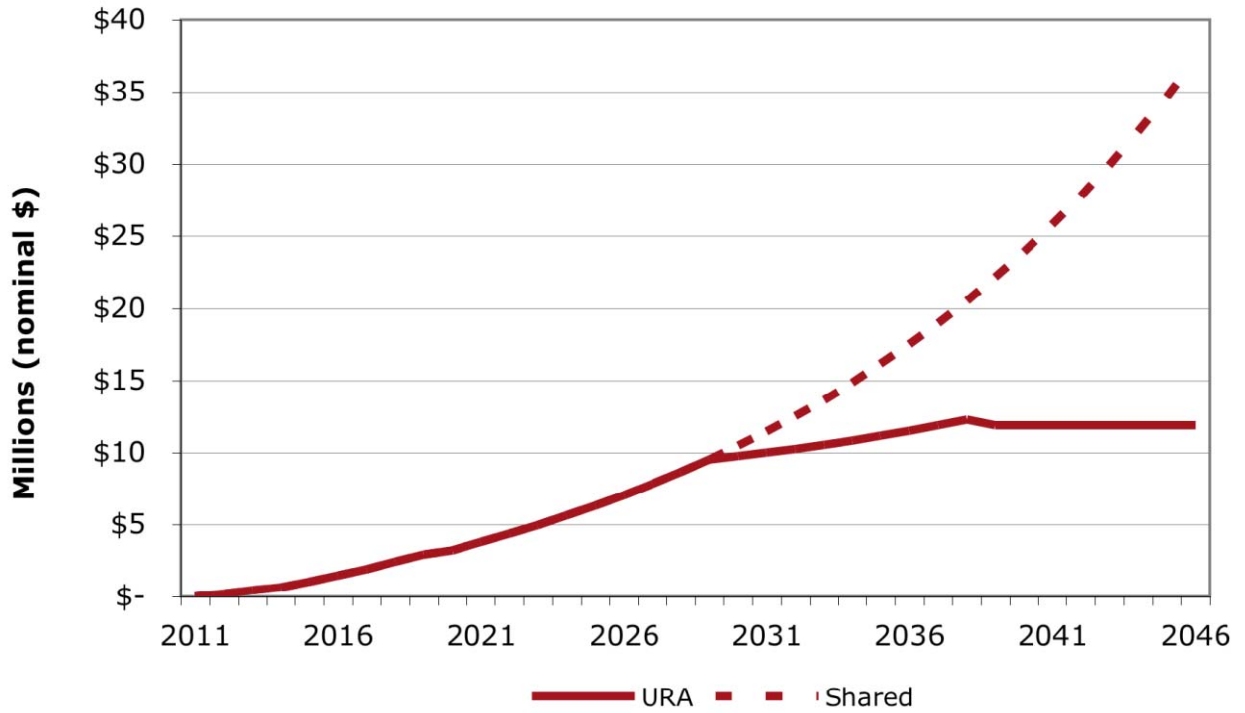
The tax Increment is the difference between the total assessed value of an urban renewal area (URA) in a given year, and the original frozen base value. Tax revenue from the increment value is diverted from other taxing districts to the URA. Note – Urban renewal does not increase the taxes that property owners within the Area pay; it merely redirects a portion of the taxes that they would otherwise pay, to urban renewal.

In 2009, the Oregon Legislature passed House Bill 3056 relating to urban renewal and amending ORS 457. The amended law limits the amount of tax increment revenue that can be collected by a URA in a given year. Any TIF revenue over these limits is distributed to the overlapping taxing districts. Limits on Tax Increment Financing (TIF) revenue collected by the URA are determined as follows:

- Year 1:
Starting with the first year in which TIF can be collected after the Plan is approved, URA collects all TIF revenue generated by the increment assessed value.
- The later of the 11th year after Plan approval or when TIF revenue is greater than 10% of maximum indebtedness:
URA collection of TIF revenue is limited to 10% of maximum indebtedness, plus 25% of the additional TIF that is generated by the increment.
- All years after TIF revenue equals or exceeds 12.5% of maximum indebtedness:
URA collection of TIF revenue is limited to 12.5% of maximum indebtedness.

Figure 11 and Table 14 show TIF revenue projections, including the portion collected by the HEDC and the portion shared with overlapping taxing districts. The calculation of revenue sharing is based upon a maximum indebtedness of \$95 million.

Figure 11. TIF Revenue for Area and Other Taxing Districts, 2010-2040



Source: ECONorthwest, 2009

Table 14. TIF Revenue for Area and Other Taxing Districts, FY 2011-2046

| Year | Total | for URA | Shared with Tax Districts |
|--------------|-----------------------|-----------------------|--------------------------------------|
| 2011 | \$ - | \$ - | \$ - |
| 2012 | 207,565 | 207,565 | - |
| 2013 | 417,625 | 417,625 | - |
| 2014 | 630,343 | 630,343 | - |
| 2015 | 1,039,363 | 1,039,363 | - |
| 2016 | 1,457,947 | 1,457,947 | - |
| 2017 | 1,910,357 | 1,910,357 | - |
| 2018 | 2,400,869 | 2,400,869 | - |
| 2019 | 2,916,111 | 2,916,111 | - |
| 2020 | 3,222,859 | 3,222,859 | - |
| 2021 | 3,766,662 | 3,766,662 | - |
| 2022 | 4,343,755 | 4,343,755 | - |
| 2023 | 4,956,321 | 4,956,321 | - |
| 2024 | 5,606,696 | 5,606,696 | - |
| 2025 | 6,297,387 | 6,297,387 | - |
| 2026 | 7,031,077 | 7,031,077 | - |
| 2027 | 7,810,648 | 7,810,648 | - |
| 2028 | 8,639,190 | 8,639,190 | - |
| 2029 | 9,520,022 | 9,520,022 | - |
| 2030 | 10,456,707 | 9,739,177 | 717,530 |
| 2031 | 11,453,074 | 9,988,268 | 1,464,805 |
| 2032 | 12,513,238 | 10,253,309 | 2,259,928 |
| 2033 | 13,641,624 | 10,535,406 | 3,106,218 |
| 2034 | 14,842,994 | 10,835,749 | 4,007,246 |
| 2035 | 16,122,473 | 11,155,618 | 4,966,855 |
| 2036 | 17,485,578 | 11,496,395 | 5,989,184 |
| 2037 | 18,938,253 | 11,859,563 | 7,078,690 |
| 2038 | 20,486,905 | 12,246,726 | 8,240,178 |
| 2039 | 22,138,439 | 11,875,000 | 10,263,439 |
| 2040 | 23,900,308 | 11,875,000 | 12,025,308 |
| 2041 | 25,780,549 | 11,875,000 | 13,905,549 |
| 2042 | 27,787,844 | 11,875,000 | 15,912,844 |
| 2043 | 29,931,566 | 11,875,000 | 18,056,566 |
| 2044 | 32,221,847 | 11,875,000 | 20,346,847 |
| 2045 | 34,669,635 | 11,875,000 | 22,794,635 |
| 2046 | 37,286,773 | 11,875,000 | 25,411,773 |
| Total | \$ 441,832,602 | \$ 265,285,007 | \$ 176,547,595 |

All values in nominal dollars, not adjusted for inflation.

Growth Assumptions

To estimate future TIF revenues, assumptions for growth in assessed value of property in the Area were developed. These assumptions were based on a Johnson Reid market study of the Area, as well as a review of historical growth rates. Due to the economic climate at the time these projections were made, we assume low growth, and no new development through 2012. Beginning in 2013, we anticipate growth in assessed value to exceed historical trends, due to investment in urban renewal projects. These growth rates are presented in Table 15 and they do not attempt to predict future economic cycles.

Table 15. Assessed Value Growth Assumptions by Property Type

| Property Type | Projected Rate | AAGR 1999-2009 |
|----------------------|-----------------------|-----------------------|
| Real | 5.5% | 4.9% |
| Personal | 10.0% | 8.2% |
| Manufactured | 0.0% | -4.6% |
| Utility | 3.0% | N/A |

Source: ECONorthwest, 2009

Manufactured property represents less than one-tenth of a percent of the assessed value in the Area. Real property makes up approximately 90% of assessed value.

Historical data on assessed value of utility property not available at Area level.

Bonding Capacity and Retiring the Debt

Table 16 shows the debt service payments made possible by the annual tax increment revenue. It is projected that payment of indebtedness will not extend beyond FY 2046. The anticipated annual tax increment revenues are sufficient to support payments of principal and interest on indebtedness of \$95,000,000. However, the exact schedule for debt service will depend upon collection of tax increment financing and other revenue sources.

In 2009, the Oregon Legislature passed House Bill 3056 relating to urban renewal and amending ORS 457. The bill took effect on January 1, 2010. The amended law established an upper limit for determining maximum indebtedness for a new URA. This limit is based on the frozen base value of the URA. For the Area, with a frozen base of \$444 million, the maximum indebtedness cannot exceed \$207 million. The proposed maximum indebtedness of \$95 million is well within this threshold.

Table 16. Annual Debt Service Payments

| | Total Debt Service | TIF Revenue | Remaining After Debt Service | Coverage Ratio |
|--------|-------------------------------|--------------------|---|---------------------------|
| FY2011 | - | - | n/a | n/a |
| FY2012 | - | \$ 207,565 | \$ 207,565 | n/a |
| FY2013 | - | 417,625 | 417,625 | n/a |
| FY2014 | \$ 9,264 | 630,343 | 621,079 | 68.04 |
| FY2015 | 73,328 | 1,039,363 | 966,035 | 14.17 |
| FY2016 | 279,661 | 1,457,947 | 1,178,286 | 5.21 |
| FY2017 | 745,520 | 1,910,357 | 1,164,837 | 2.56 |
| FY2018 | 961,211 | 2,400,869 | 1,439,658 | 2.50 |
| FY2019 | 1,558,738 | 2,916,111 | 1,357,373 | 1.87 |
| FY2020 | 1,627,138 | 3,222,859 | 1,595,721 | 1.98 |
| FY2021 | 1,983,232 | 3,766,662 | 1,783,430 | 1.90 |
| FY2022 | 2,449,235 | 4,343,755 | 1,894,520 | 1.77 |
| FY2023 | 2,719,667 | 4,956,321 | 2,236,654 | 1.82 |
| FY2024 | 3,290,346 | 5,606,696 | 2,316,350 | 1.70 |
| FY2025 | 3,234,447 | 6,297,387 | 3,062,940 | 1.95 |
| FY2026 | 3,912,101 | 7,031,077 | 3,118,976 | 1.80 |
| FY2027 | 4,995,750 | 7,810,648 | 2,814,898 | 1.56 |
| FY2028 | 4,995,750 | 8,639,190 | 3,643,440 | 1.73 |
| FY2029 | 4,995,750 | 9,520,022 | 4,524,272 | 1.91 |
| FY2030 | 4,995,750 | 9,739,177 | 4,743,427 | 1.95 |
| FY2031 | 4,995,750 | 9,988,268 | 4,992,518 | 2.00 |
| FY2032 | 6,835,403 | 10,253,309 | 3,417,906 | 1.50 |
| FY2033 | 6,835,403 | 10,535,406 | 3,700,003 | 1.54 |
| FY2034 | 6,022,185 | 10,835,749 | 4,813,564 | 1.80 |
| FY2035 | 6,022,185 | 11,155,618 | 5,133,433 | 1.85 |
| FY2036 | 5,761,803 | 11,496,395 | 5,734,592 | 2.00 |
| FY2037 | 7,148,411 | 11,859,563 | 4,711,152 | 1.66 |
| FY2038 | 7,148,411 | 12,246,726 | 5,098,315 | 1.71 |
| FY2039 | 7,148,411 | 11,875,000 | 4,726,589 | 1.66 |
| FY2040 | 7,148,411 | 11,875,000 | 4,726,589 | 1.66 |
| FY2041 | 7,148,411 | 11,875,000 | 4,726,589 | 1.66 |
| FY2042 | 7,148,411 | 11,875,000 | 4,726,589 | 1.66 |
| FY2043 | 6,877,979 | 11,875,000 | 4,997,021 | 1.73 |
| FY2044 | 6,307,300 | 11,875,000 | 5,567,700 | 1.88 |
| FY2045 | 6,307,300 | 11,875,000 | 5,567,700 | 1.88 |
| FY2046 | \$ 5,524,485 | \$ 11,875,000 | \$ 6,350,515 | 2.15 |

Source: Seattle Northwest Securities

All values in nominal dollars and not adjusted for inflation

Assumes all borrowings are secured by tax increment revenues only

All debt service reserves funded by available cash in urban renewal fund

J Fiscal Impacts

When an urban renewal area is established, taxing jurisdictions that overlap the URA forgo some of the tax revenue they would otherwise collect from that area. Overlapping jurisdictions regain that revenue stream once the URA expires. To the extent that the URA increases assessed value over what would otherwise have occurred without urban renewal investment, the taxing districts should see an increase in tax revenues in the long-term. However, these taxing districts experience short-term foregone revenues as tax increment finance revenues are diverted to the URA. This short-term foregone revenue is partially offset by revenue sharing provisions of HB 3056 that was passed in the 2009 legislative session.

Table 17 displays the tax revenue foregone (in 2010 constant dollars) to the overlapping taxing jurisdictions from FY 2011 – 2046 (see Exhibit B for annual projections). The majority of the tax revenue for the Area will be diverted from three jurisdictions: City of Hillsboro, Hillsboro School District, and Washington County. However, the School District’s foregone revenue would be covered by the State School Fund.

Table 17. Cumulative Tax Revenue Foregone by Overlapping Tax District, FY 2011-2046

| Jurisdiction | \$ Millions |
|----------------------|----------------------|
| City of Hillsboro | \$ 30,236,134 |
| Hillsboro SD | \$ 28,526,291 |
| Washington County | \$ 15,946,695 |
| PCC | \$ 1,616,852 |
| NW Regional ESD | \$ 863,328 |
| Metro | \$ 578,647 |
| Portland of Portland | \$ 393,494 |
| TriMet | \$ 4,487 |
| Total | \$ 78,165,927 |

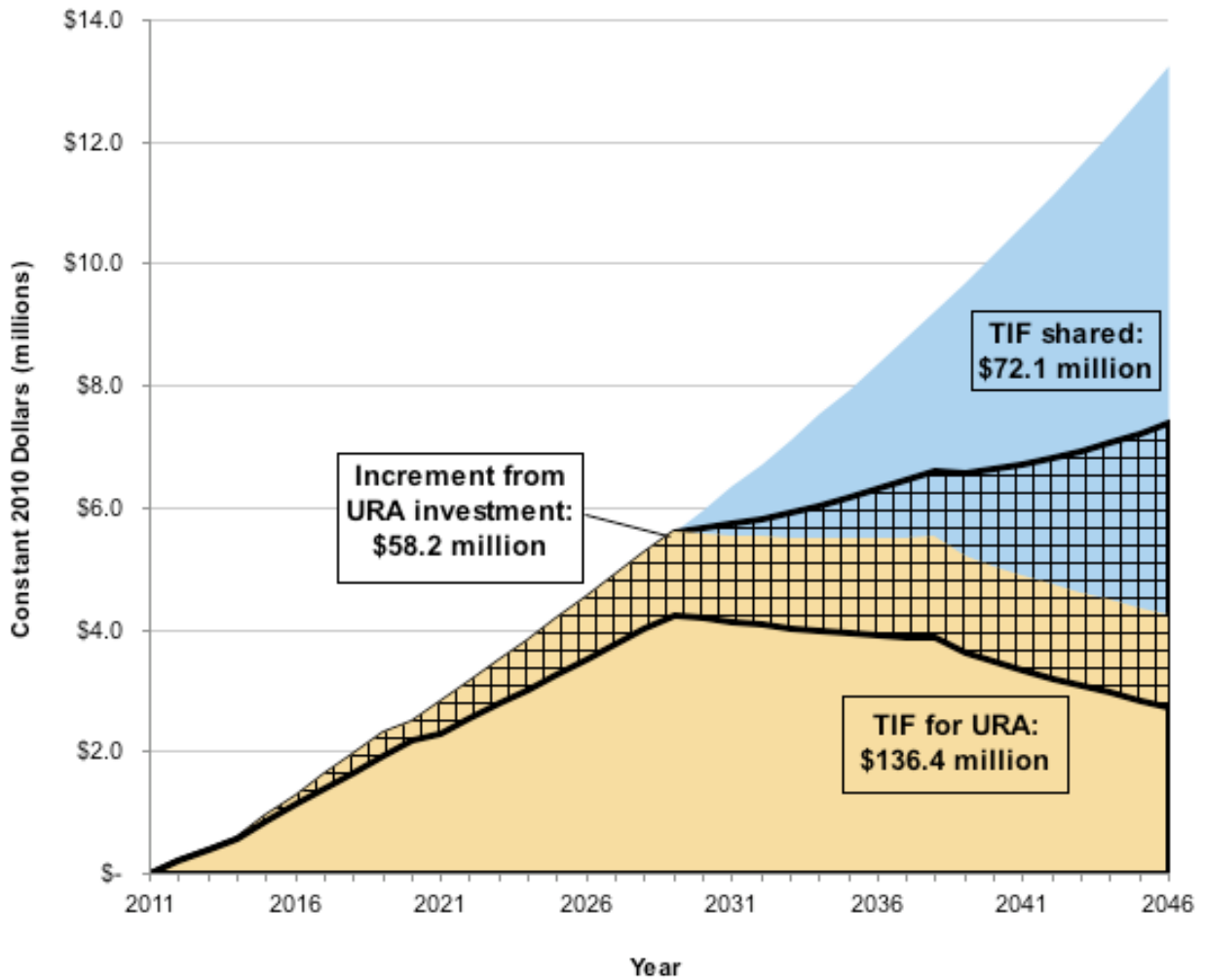
All values adjusted for inflation and reported in constant 2010 dollars.

Note: Tax revenue diverted from Hillsboro School District would be covered by State School Fund

When the Area generates TIF revenue equal to 10% of its maximum indebtedness, it will begin sharing revenue with the overlapping taxing districts. Once revenue sharing is triggered, the annual tax revenues foregone by overlapping taxing districts will begin to decline. By 2045, we anticipate the amount of shared revenue will exceed the amount of revenue foregone, which means urban renewal would have a positive fiscal impact to overlapping taxing districts in all subsequent years.

Figure 12 shows TIF revenue generated by the Area from FY 2011-2046. Over the life of the proposed URA, the Area would generate over \$208 million in TIF revenue. About \$136 million will go to the URA for debt service. The remainder, over \$72 million, would be shared with overlapping taxing districts. The shaded area between the black lines represents the amount of incremental tax revenue due to urban renewal investment in the Area.

Figure 12. TIF Revenue to Area and Overlapping Tax Districts, FY 2011-2046



Source: ECONorthwest
 All values in millions, constant 2010 dollars, adjusted for inflation

When all tax increment bonds are retired in 2046, taxes generated on the full value of the increment will revert to the overlapping taxing districts, which will have significant positive fiscal impacts.

K Relocation Report

Analysis of Required Relocations

There are no residences or businesses identified for relocation under the Plan.

Relocation Methods

If temporary or permanent relocation of residents or businesses are required by action of the Hillsboro Economic Development Council (HEDC) under this Plan, the HEDC will follow the City of Hillsboro Real Property Acquisition Policies and Procedures (adopted January 4, 1994), which were drafted in accordance to applicable local, state, and federal laws. The HEDC will prepare and maintain information in its office relating to the relocation program and procedures, including eligibility for and amounts of relocation payments, services available, and other relevant matters.

Enumeration of Housing

The HEDC does not anticipate demolition or alteration of housing units under the Plan. For the addition of housing units, the Plan anticipates gaining new units through public/private partnerships. There are currently no specific housing projects planned and, therefore, a cost range is not estimated. Goals and objectives outlined in the Plan call for preservation of existing units and development of new housing types for a range of incomes and potential residents.

Exhibit A to the Report

Glossary of Terms

Glossary of Terms

Ad Valorem Taxes - is a tax based on the value of real estate or personal property.

Affordable Housing - housing for which the occupant is paying no more than 30 percent of his or her income for gross housing costs, including utilities.

Arterial Street - Arterial streets are intended to serve as the primary routes for travel between the City of Hillsboro and other parts of the region, between major areas of urban activity, and to access the highway system.

Assessed Value - The dollar value of an asset assigned by a public tax assessor for the purposes of taxation.

Bond - a certificate serving as security for payment of a debt.

Clean Water Services (CWS) - the water resource utility for the Tualatin River Watershed, including the City of Hillsboro.

Collector Street - Collector streets provide both access and circulation within residential and commercial/industrial areas. Collectors differ from arterials in that they provide more of a citywide circulation function, do not require as extensive control of access and penetrate residential neighborhoods distributing trips from the neighborhood and local street system.

Comprehensive Plan - means the City of Hillsboro Comprehensive Plan and its implementing Ordinances, policies and development standards.

City Council Approved Amendments - consist solely of amendments that result in:

- Material changes to the goals and objectives of the Plan, or;
- Addition or expansion of a project that is materially different from projects previously authorized in the Plan.

Council Approved amendments require approval by the Agency by resolution and by the City Council by ordinance.

Cultural Resource - any building, structure, site or object included in the City's official Cultural Resource Inventory. To be included in the inventory, the structure or object must be at least 50 years old and must have architectural, historical, or cultural significance. Many of these resources are structures, but some trees and public art pieces are also included in the inventory.

Debt - money owed to repay an obligation.

Downtown Advisory Committee (DAC) - includes representatives from a wide variety of community, institutional, and business interests reflective of the community's diversity whose primary responsibilities include:

- Advise City staff and the consultant team as the Downtown Urban Renewal Plan proceeds
- Provide two-way communication to groups and constituencies that DAC members represent
- Make recommendations to Planning Commission and the City Council
- Participate in public events related to the study, for example, attendance at public events and future public hearing(s)

Downtown Framework Plan (DFP) - The DFP is intended to guide future public and private actions in downtown Hillsboro and surrounding neighborhoods. It consists of a comprehensive Vision for downtown and close-in neighborhoods which is based on extensive public input, a Framework of specific short- and long-term actions to turn the vision into reality, and an Implementation component to provide the funding and regulatory tools necessary to carry out those actions (adopted by City Council in November 2009).

Downtown Urban Renewal Advisory Committee (URAC) - Downtown Hillsboro stakeholders (including representatives from neighborhoods within the Area) and major taxing districts (Hillsboro School District, Washington County, and City of Hillsboro) will be invited to participate in the advisory committee as will the general public. HEDC will appoint a diverse range of stakeholders to serve on the committee.

Eminent Domain - States and localities and the federal government have the right of "eminent domain", which means they can condemn and force the sale of private property for public purposes. An individual's rights are subordinate to the government. When private property is taken by the government, the owner is entitled to receive just compensation for his property.

Green Streets - Public or private streets designed to allow roadways to better manage stormwater runoff quantity and quality within the right-of-way over the long term. Design elements and facilities that can be used to accomplish this include, but are not limited to, minimizing paving and/or using pervious paving materials, maximizing street tree coverage, using multi-functional open drainage systems in lieu of more conventional curb-and-gutter systems, reducing cul-de-sac radii and using vegetated islands in the center.

House Bill 3056 - In 2009, the Oregon Legislature passed House Bill 3056 relating to urban renewal and amending ORS 457. The amended law limits the amount of tax increment revenue that can be collected by a URA in a given year. Any TIF revenue over these limits is distributed to the overlapping taxing districts. Limits on Tax Increment Financing (TIF) revenue collected by the URA are determined as follows:

- **Year 1:**
Starting with the first year in which TIF can be collected after the Plan is approved, URA collects all TIF revenue generated by the increment assessed value.
- **The later of the 11th year after Plan approval or when TIF revenue is greater than 10% of maximum indebtedness:**
URA collection of TIF revenue is limited to 10% of maximum indebtedness, plus 25% of the additional TIF that is generated by the increment.
- **All years after TIF revenue equals or exceeds 12.5% of maximum indebtedness:**
URA collection of TIF revenue is limited to 12.5% of maximum indebtedness.

The bill took effect on January 1, 2010. The amended ORS established an upper limit for determining maximum indebtedness for a new URA. This limit is based on the frozen base value of the URA.

Hillsboro Economic Development Council (HEDC) - In 1989 the City of Hillsboro established the Hillsboro Economic Development Council to oversee any urban renewal area within the city. This structure of urban renewal decision-making is authorized in the state's urban renewal statutes (ORS 457). The City Council and the HEDC are the same body of persons; however they are two separate legal entities. When the City Council meets as the HEDC they wear a different hat, so to speak.

Hillsboro 2020 Vision and Action Plan - Hillsboro 2020 is a community-based vision describing what Hillsboro will look and feel like in the year 2020. It evolved from a long term community planning process conducted from 1997 to 2000. The Hillsboro 2020 Vision was accompanied by an action plan to achieve it. The Hillsboro 2020 Vision and Action Plan was adopted by the Hillsboro City Council in 2000 and updated in 2005. Hillsboro 2020 is now in its ninth year of implementation.

Hillsboro Arts & Culture Council (HACC) - formed in 2007, to oversee the formation and implementation of the City's arts agenda.

Improvement to land value ratio (I/L) - describes the real market value of a building to the land it is located on. Low I/L ratios in an area indicate properties are vacant or underutilized, which can be characteristics of blight.

Labor Force Participation - working-age persons in an economy who are employed or are unemployed but looking for a job. Typically "working-age persons" is defined as people between the ages of 16-64. People in those age groups who are not counted as participating in the labor force are typically students, homemakers, and persons under the age of 64 who are retired.

Market Value - the price for which a real property can realistically be sold based upon comparable selling prices of similar properties in the same geographical area.

Maximum Indebtedness - This figure represents the limit of the tax increment revenue that the City may take in to cover project costs, excluding interest on debt. ORS 457 imposes no restrictions on the maximum amount of indebtedness that can be inserted into a renewal plan. The maximum indebtedness is based on good faith estimates of costs and inflation.

Minor Amendment - amendments to the Urban Renewal Plan that are not Substantial Amendments or Council-Approved Amendments. Minor amendments are effective when approved by adoption of an HEDC resolution.

Nominal Dollars - Dollars unadjusted for inflation. For example, economists will refer to a product that cost 100 nominal dollars several years ago, and now costs \$150.

ORS 457 - Oregon Revised Statute (State Law) and specifically Chapter 457 thereof.

Property Tax - the amount which a state or locality assesses as a tax on a piece of real property.

Real Income – income that has been adjusted for inflation.

Substantial Amendment - ORS 457.220(3) and (4) limit the scope of certain Substantial Amendments. ORS 457.220(2) requires any Substantial Amendments to the Plan be adopted in the same manner as the adoption of the Plan itself. Substantial Amendments must follow the same notice, hearing, and approval procedures required under ORS 457.085, 457.095, and 457.105, if applicable.

Substantial Amendments for the Plan are limited to:

- Adding land to the Area which totals more than one percent (1%) of the existing area;
- Increasing the maximum amount of indebtedness that can be issued or incurred under the Plan;
- Amendments to the Plan which authorize the use of eminent domain to acquire property for private development under the Plan.

Tax increment Financing - funding derived from the increase in taxable property values over time within an urban renewal area (URA). As property values increase within the district because of new investment and appreciation of existing property, the resulting increase in property taxes (the 'tax increment') is divided and used to pay off the bonds. Note – Urban renewal does not increase the taxes that property owners within the Area pay; it merely redirects a portion of the taxes that they would otherwise pay, to urban renewal.

Unemployment Rate - is the number of unemployed as a percentage of the labor force.

Urban Business Areas (UBAs) - existing areas of commercial activity or future nodes or centers of commercial activity on state highways where vehicular accessibility is important to continued economic viability. The Oregon Highway Plan recognizes the need to balance access needs of abutting properties with the need to move through traffic through designation of these areas as Urban Business Areas.

Urban Renewal - Urban renewal is a transformative tool, providing a community vision to revitalize an area and a dedicated source of funding. The specialized financing mechanism is dedicated to construction of an agreed upon set of public infrastructure and financing activities ('projects) to spur redevelopment where it might not otherwise occur without public investment.

Urban Renewal Plan - The Plan establishes the boundary, maximum indebtedness, guiding principles, demonstration of compliance with relevant Comprehensive Plan policies and goals, and the list of eligible improvements. This Plan is adopted by the City Council by Ordinance.

Urban Renewal Report - The Report provides supporting information to the Urban Renewal Plan according to the requirements of ORS 457.085(3).

Zoning - the ability of local governments to specify the use of private real property in order to control development within designated areas of land. For example, some areas of a neighborhood may be designated only for residential use and others for commercial use such as stores, gas stations, etc.

Exhibit B to the Report

Projected Annual Tax Revenue Foregone by Overlapping Tax District

Projected Annual Tax Revenue Foregone by Overlapping Tax District, FY 2011-2046

| | NW REGIONAL ESD | PORTLAND COMM. COLL. | HILLSBORO SD #1J | WASHINGTON COUNTY | PORT OF PTLD | CITY OF HILLSBORO | METRO | TRIMET | TOTAL |
|--------------|---------------------|-------------------------|------------------------|------------------------|---------------------|------------------------|---------------------|-------------------|------------------------|
| 2011 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2012 | (1,939) | (6,242) | (81,461) | (38,127) | (884) | (67,919) | (3,582) | (1,502) | (201,656) |
| 2013 | (3,855) | (11,411) | (159,306) | (75,793) | (1,757) | (135,015) | (7,121) | (2,985) | (397,243) |
| 2014 | (5,699) | (16,868) | (234,698) | (112,040) | (2,597) | (199,584) | (10,527) | - | (582,013) |
| 2015 | (8,779) | (18,613) | (360,613) | (162,017) | (4,001) | (307,464) | (13,045) | - | (874,532) |
| 2016 | (11,695) | (24,009) | (456,645) | (215,833) | (5,330) | (409,592) | (17,378) | - | (1,140,483) |
| 2017 | (14,417) | (29,596) | (562,474) | (266,063) | (6,571) | (504,914) | (11,259) | - | (1,395,293) |
| 2018 | (17,149) | (35,205) | (668,488) | (316,483) | (7,816) | (600,598) | (13,392) | - | (1,659,131) |
| 2019 | (19,994) | (41,047) | (778,718) | (368,996) | (9,113) | (700,253) | (12,558) | - | (1,930,679) |
| 2020 | (24,476) | (45,004) | (791,700) | (451,700) | (11,156) | (857,202) | (15,373) | - | (2,196,610) |
| 2021 | (25,523) | (46,931) | (825,586) | (471,033) | (11,633) | (893,891) | (16,031) | - | (2,290,628) |
| 2022 | (28,282) | (52,004) | (914,841) | (521,957) | (12,891) | (990,531) | (17,764) | - | (2,538,270) |
| 2023 | (31,028) | (57,054) | (1,003,662) | (572,633) | (14,142) | (1,086,700) | (19,489) | - | (2,784,708) |
| 2024 | (33,763) | (62,082) | (1,092,119) | (623,102) | (15,389) | (1,182,476) | (21,206) | - | (3,030,137) |
| 2025 | (36,489) | (67,094) | (1,180,284) | (673,404) | (16,631) | (1,277,935) | (22,918) | - | (3,274,754) |
| 2026 | (39,207) | (72,093) | (1,268,226) | (723,579) | (17,870) | (1,373,153) | (24,626) | - | (3,518,754) |
| 2027 | (41,922) | (77,083) | (1,356,017) | (773,668) | (19,107) | (1,468,208) | (26,330) | - | (3,762,336) |
| 2028 | (44,633) | (82,069) | (1,443,729) | (823,711) | (20,343) | (1,563,177) | (28,034) | - | (4,005,697) |
| 2029 | (47,345) | (87,055) | (1,531,434) | (873,751) | (21,579) | (1,658,137) | (29,737) | - | (4,249,037) |
| 2030 | (45,499) | (83,660) | (1,471,720) | (839,681) | (20,738) | (1,593,483) | (28,577) | - | (4,083,359) |
| 2031 | (43,739) | (80,425) | (1,414,800) | (807,206) | (19,936) | (1,531,854) | (27,472) | - | (3,925,431) |
| 2032 | (41,964) | (77,161) | (1,357,383) | (774,447) | (19,127) | (1,469,686) | (26,357) | - | (3,766,124) |
| 2033 | (40,170) | (73,862) | (1,299,353) | (741,338) | (18,309) | (1,406,856) | (25,230) | - | (3,605,119) |
| 2034 | (38,353) | (70,522) | (1,240,591) | (707,812) | (17,481) | (1,343,232) | (24,089) | - | (3,442,080) |
| 2035 | (36,510) | (67,133) | (1,180,970) | (673,796) | (16,641) | (1,278,678) | (22,931) | - | (3,276,659) |
| 2036 | (34,636) | (63,687) | (1,120,360) | (639,215) | (15,787) | (1,213,054) | (21,755) | - | (3,108,494) |
| 2037 | (32,728) | (60,178) | (1,058,623) | (603,991) | (14,917) | (1,146,209) | (20,556) | - | (2,937,201) |
| 2038 | (30,780) | (56,596) | (995,615) | (568,042) | (14,029) | (1,077,988) | (19,332) | - | (2,762,382) |
| 2039 | (24,967) | (45,907) | (807,585) | (460,763) | (11,379) | (874,401) | (15,681) | - | (2,240,683) |
| 2040 | (20,955) | (38,530) | (677,807) | (386,719) | (9,551) | (733,886) | (13,161) | - | (1,880,609) |
| 2041 | (16,871) | (31,021) | (545,706) | (311,350) | (7,689) | (590,856) | (10,596) | - | (1,514,089) |
| 2042 | (12,706) | (23,364) | (411,009) | (234,499) | (5,791) | (445,014) | (7,981) | - | (1,140,364) |
| 2043 | (8,453) | (15,543) | (273,427) | (156,002) | (3,853) | (296,049) | (5,309) | - | (758,637) |
| 2044 | (4,101) | (7,541) | (132,661) | (75,689) | (1,869) | (143,636) | (2,576) | - | (368,073) |
| 2045 | 359 | 660 | 11,608 | 6,623 | 164 | 12,568 | 225 | - | 32,207 |
| 2046 | 4,938 | 9,079 | 159,713 | 91,123 | 2,250 | 172,926 | 3,101 | - | 443,130 |
| Total | \$ (863,328) | \$ (1,616,852) | \$ (28,526,291) | \$ (15,946,695) | \$ (393,494) | \$ (30,236,134) | \$ (578,647) | \$ (4,487) | \$ (78,165,927) |

All values adjusted for inflation and reported in constant 2010 dollars.

Note: Tax revenue diverted from Hillsboro School District would be covered by State School Fund