

NORTH REDWOOD DEVELOPMENT CONCEPT PLAN

Project Memo #3 (Deliverable 2A)

Development Rights and Best Development Practices

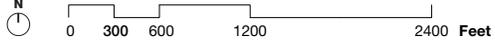
February 27 2015





Figure 1

NORTH REDWOOD DEVELOPMENT CONCEPT
CONTEXT MAP



Overview

This document is intended to provide local property owners in the North Redwood Study Area, nearby neighbors and City officials with a contextual picture of the types of development that are currently allowed, needed, and most appropriate for this potential new community. The first sections address real estate market conditions and demographics, followed by a review of base case vested development rights, a concise analysis of innovative development options such as density bonuses and transfer of development rights. The document also includes a brief review of key principles of walkable neighborhood development that can be considered for potential future development guidelines or standards to ensure a high-quality, economically-viable and sustainable community.

Real Estate Market Context

This market assessment provides a brief overview of the housing market in Canby compared to surrounding communities. Key findings of the real estate market assessment include:

- The zoning and comprehensive plan designations in the North Redwood Area are generally appropriate. Canby is a residential community, with three times as many homes as jobs, and North Redwood is a good site for housing. 88 percent of Canby residents commute to jobs outside the City, mostly to the north and west, so North Redwood is a convenient location.
- Canby is a middle income community. The majority of homes at North Redwood should be priced to sell to households who earn between \$50,000 and \$150,000 per year. The most common home sold in Canby in the last decade is a single family detached home for about \$350,000, though detached and attached homes sell for less.
- Over the past decade, about 70 percent of the for-sale homes built and sold in Canby have been detached, single family homes, and about 30 percent have been attached—duplexes or townhomes. Ideally, North Redwood would contain a range of housing options that can appeal to a wide range of households—large and small, young and old, at a range of incomes. This will speed sales and the success of the neighborhood.

- The number of single-family home sales in Canby has dropped significantly since its peak in 2006. In that year, 197 homes sold; in 2013, 31 homes sold. North Redwood will fare better if the market regains some of its strength since quicker sales leads to residential projects that perform better economically and can support the cost of infrastructure.

Demographics

Compared to Wilsonville, Oregon City and a 10-mile radius from Canby, the City of Canby is different in the following ways:

- **Larger households and families.** Canby has larger household (2.77 persons per household) and family (3.26) sizes, with more children and more adults over the age of 65 than the other geographies.
- **Over half of all Canby households are 1 or 2 person households.** Even though the households are larger in Canby, 55 percent of all households are comprised of only 1 or 2 people. This is significant, although not as high as Wilsonville (68 percent).
- **Canby is largely a middle income community.** Nearly half (49 percent) of the households have an annual income between \$35,000 and \$100,000.
- **Canby is a residential community.** Canby has about 15,900 residents and about 4,800 jobs that are located within the community, or about three residents for every job. 6,800 residents (88 percent) commute to jobs in other communities throughout the region, while about 1,000 remain in Canby to work.
- **Current housing demand by price range.** Given Canby's current households by income, the following table shows an estimate of the approximate number of owner occupied households that could afford housing within a certain price range. As shown below, the income groups that represent the deepest markets for homebuilders are Canby households earning between \$50,000 and \$150,000 per year; these households are estimated to make up approximately 51 percent of all current homeowners, and a larger share of new-home buyers.

Household Income Category			Percent of Households	Number of Households	Est Percent Owners	Number of Owner HHs	Home Purchase Price Range	
							(Low)	(High)
\$0	-	\$15,000	10%	559	10%	56	\$0	\$55,000
\$15,000	-	\$25,000	10%	571	25%	143	\$55,000	\$95,000
\$25,000	-	\$35,000	8%	457	50%	228	\$95,000	\$135,000
\$35,000	-	\$50,000	14%	805	60%	483	\$135,000	\$190,000
\$50,000	-	\$75,000	20%	1,130	70%	791	\$190,000	\$285,000
\$75,000	-	\$100,000	15%	850	80%	680	\$285,000	\$380,000
\$100,000	-	\$150,000	17%	947	85%	805	\$380,000	\$570,000
\$150,000	-	\$200,000	4%	245	90%	221	\$570,000	\$760,000
\$200,000	+		3%	148	95%	141	\$760,000	+

Source: ESRI, Leland Consulting Group. May not sum correctly due to rounding.

Table 1. Housing Demand of Current Canby Residents by Price Range

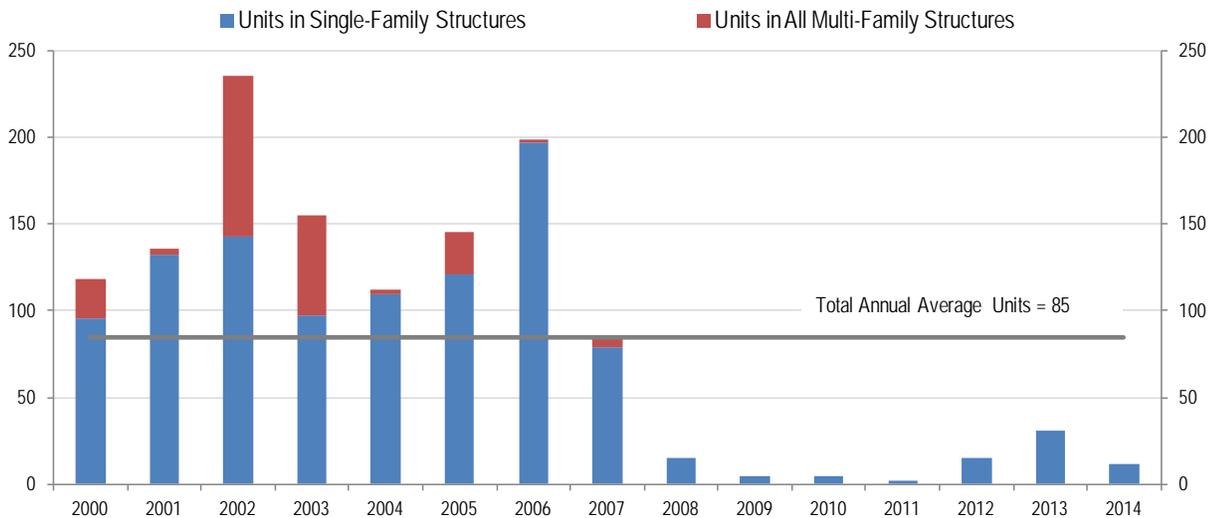
Housing Market

Existing Housing Stock. This section provides a brief overview of the existing housing stock in Canby based on American Community Survey estimates from 2008 to 2012.

- **Mostly single family detached.** Sixty-four percent of the current housing stock in Canby is detached single family housing, which is more than Wilsonville (39 percent), but less than Oregon City and the 10-mile radius (both have 68 percent).
- **Single family attached.** Single family attached homes, duplexes, and 3 to 4 unit multifamily comprises roughly 13 percent of the housing stock in Canby, which is on par with Wilsonville (15 percent) and Oregon City (12 percent).
- **More mobile homes.** Canby has more mobile home units than other market areas, 8 percent compared to only 1 percent in Wilsonville.
- **Canby's housing stock nearly doubled from 1990 to 2009.** Although 19 percent of Canby's housing was built prior to 1969, nearly half of the current housing stock in Canby was built in the two decades from 1990 to 2009. Less than one percent has been added since 2010, due to the housing bust and subsequent recession.

New Home Sales Activity. This section provides information based on historical building permit activity and new home sales from 2003 to 2014 provided by Metrostudy, a third party information provider.

- **Building permits.** From 2000 to 2014, an average of 85 housing units per year have been permitted in Canby. Building permit activity has been well below that average since 2008 with only 12 units (all single family) permitted in 2014.
- **New home sales.** Like many communities throughout the nation, Canby experienced a housing boom from 2005 to 2007 with nearly 150 new homes sold during the peak in 2006, with an average sales price of \$332,000. Average sales prices continued to climb into 2007 when they topped \$352,000 but have fallen well below that average since then, except for 2010 when there was only one new home sold.
- **Market Cycles.** The impact of the housing boom and great recession is shown in Table 2 at Darcy's Country Estates, one of Canby's larger new residential neighborhoods. In 2006, at the peak of the housing boom, 68 homes were sold at Darcy's. In 2008, only one home sold. In each of the last three years, four homes sold. If only four homes sold at Darcy's each year over the life time of the project, it would



Source: US Department of Housing and Urban Development SOCDs, City of Canby, Leland Consulting Group

Figure 2. Building Permits, City of Canby

take 34 years for the project to sell out—far too long. The “velocity” of home sales is important, since developers need to recoup their upfront infrastructure costs relatively quickly. Home sales in Canby will need to pick up again before large scale developments such as North Redwood are possible.

- **Single family.** Seventy percent of the new homes sold in Canby since 2003 are single family detached, mostly two-story. Overall homes average \$149 per square foot for a one story and \$112 per square foot for a two story detached home. The average sales price of new single family homes is around \$350,000. This average new home price would require an annual household income in the \$75,000 to \$100,000 range.
- **Duplexes and Townhomes.** Duplexes and townhomes make up roughly 30 percent of the new home sales in Canby. These attached housing products have a lower average sales price, ranging from \$173,000 for a duplex to \$204,000 for a townhome, than detached housing. A two story townhome had the lowest sale price of all of the ownership housing products at \$125,000. A household with an annual income of close to \$35,000 could meet the threshold to purchase a home at this minimum price range. Therefore, duplexes and townhomes have the potential to be more affordable housing types.

- **Home and lot size.** The size of new homes in Canby average as much as 2,400 square feet for a two story detached home to as little as 1,400 square feet for a two story townhome. Lot sizes average less than 3,000 square feet for duplexes and townhomes and as much as 8,000 for detached single family homes. The largest lot size for a new home sold since 2003 was just over an acre. The smallest lot size was just under 1,150 square feet for a townhome and just over 1,200 square feet for a single family detached lot.
- **Only three developments with active sales since 2012.** Since 2012, only 23 new homes have been sold in only three different housing developments: Darcy’s Country Estates, Dinsmore Estates West and Northwood Estates Phase 1. Northwood estates is closest in proximity to the study area. Average sales price ranged between \$340,000 and \$355,000. For a complete set of tables on new home sales, see Tables 3 through 5 and Figure 3.

Table 2. Home Sales by Year, Darcy's Country Estates

Year	Number of Sales
2005	1
2006	68
2007	18
2008	1
2012	4
2013	4
2014	4
Total	100

Total Lots 136

Source: Metrostudy, Leland Consulting Group

Table 3. New Home Sales by Housing Type, Number Sold and Sales Price, City of Canby

Housing Type	Number Sold 2003-2014	Percent of Total	Max Sale Price	Average Sales Price	Minimum Sale Price	Average Price per sf
One Story Detached	39	10%	\$728,144	\$355,662	\$190,008	\$149
Two Story Detached	224	60%	\$274,950	\$349,908	\$146,175	\$112
Duplex	38	10%	\$482,869	\$172,668	\$194,900	\$176
Townhome - 2 Story	68	18%	\$270,000	\$204,001	\$125,000	\$141
Townhome - 3 Story	4	1%	\$203,600	\$202,550	\$200,000	\$96
Total	373			\$305,171		\$146

Source: Metrostudy, Leland Consulting Group

Table 4. New Home Sales by Home Size and Lot Size, City of Canby

Housing Type	Home Size (sf)			Lot Size (sf)		
	Min	Avg	Max	Min	Avg	Max
One Story Detached	1,371	2,038	3,226	5,062	7,925	9,673
Two Story Detached	1,211	2,399	4,373	3,168	6,979	46,912
Duplex	1,505	1,505	1,505	1,740	2,315	3,442
Townhome - 2 Story	1,146	1,434	2,030	1,606	2,325	4,619
Townhome - 3 Story	2,101	2,101	2,101	2,578	2,854	3,129

Source: Metrostudy, Leland Consulting Group

Table 5. New Home Sales by Development, Number Sold, and Average Sales Price, City of Canby

Development	Total Number Sold 2012-2014	Average Annual Sales	Average Sale Price	Housing Type
Darcys Country Estates	12	4	\$340,084	Townhomes - 2 & 3 Story
Dinsmore Estates West	6	2	\$340,084	One & Two Story Detached
Northwood Estates 1	5	1.7	\$355,251	One & Two Story Detached

Source: Metrostudy, Leland Consulting Group

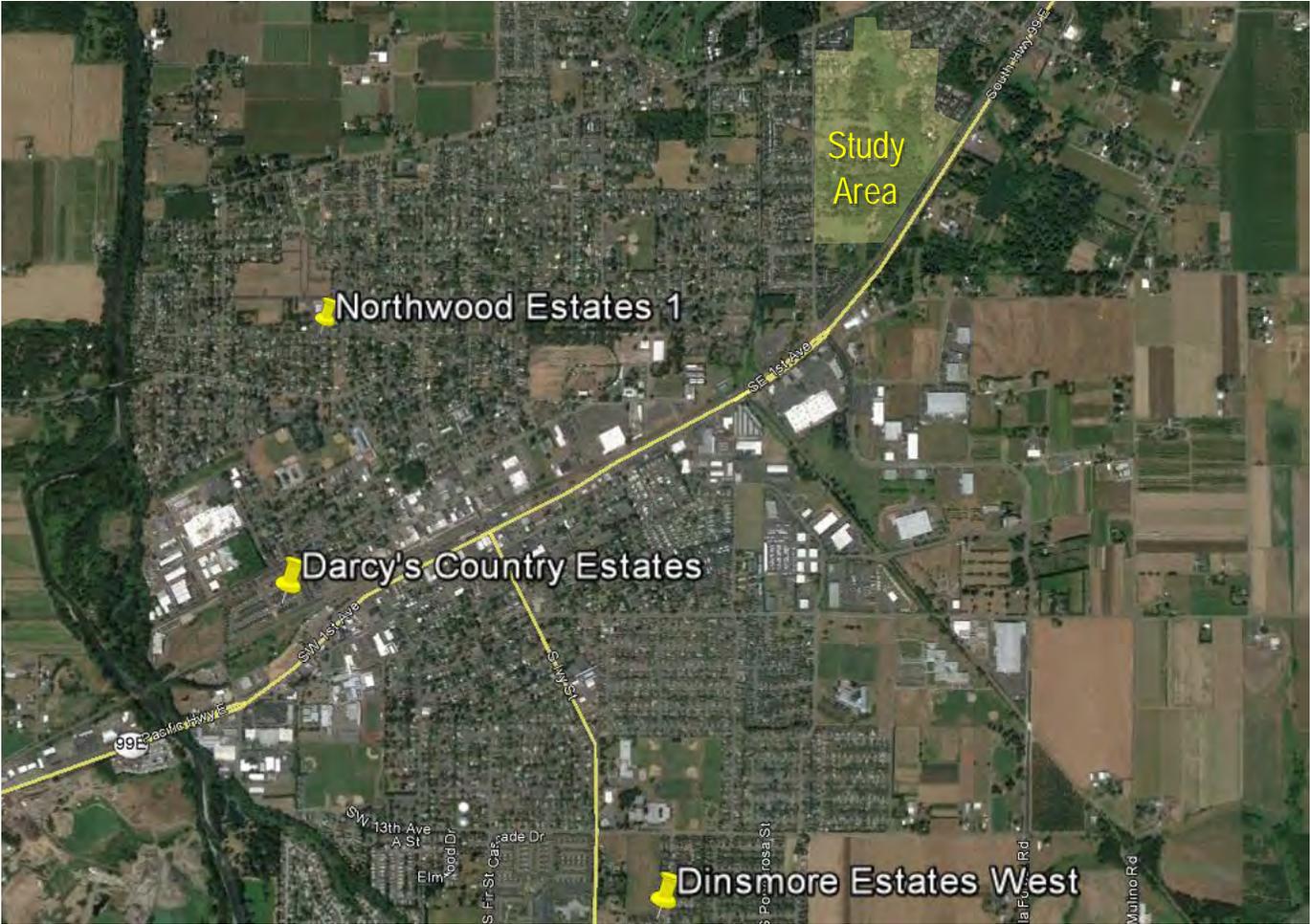
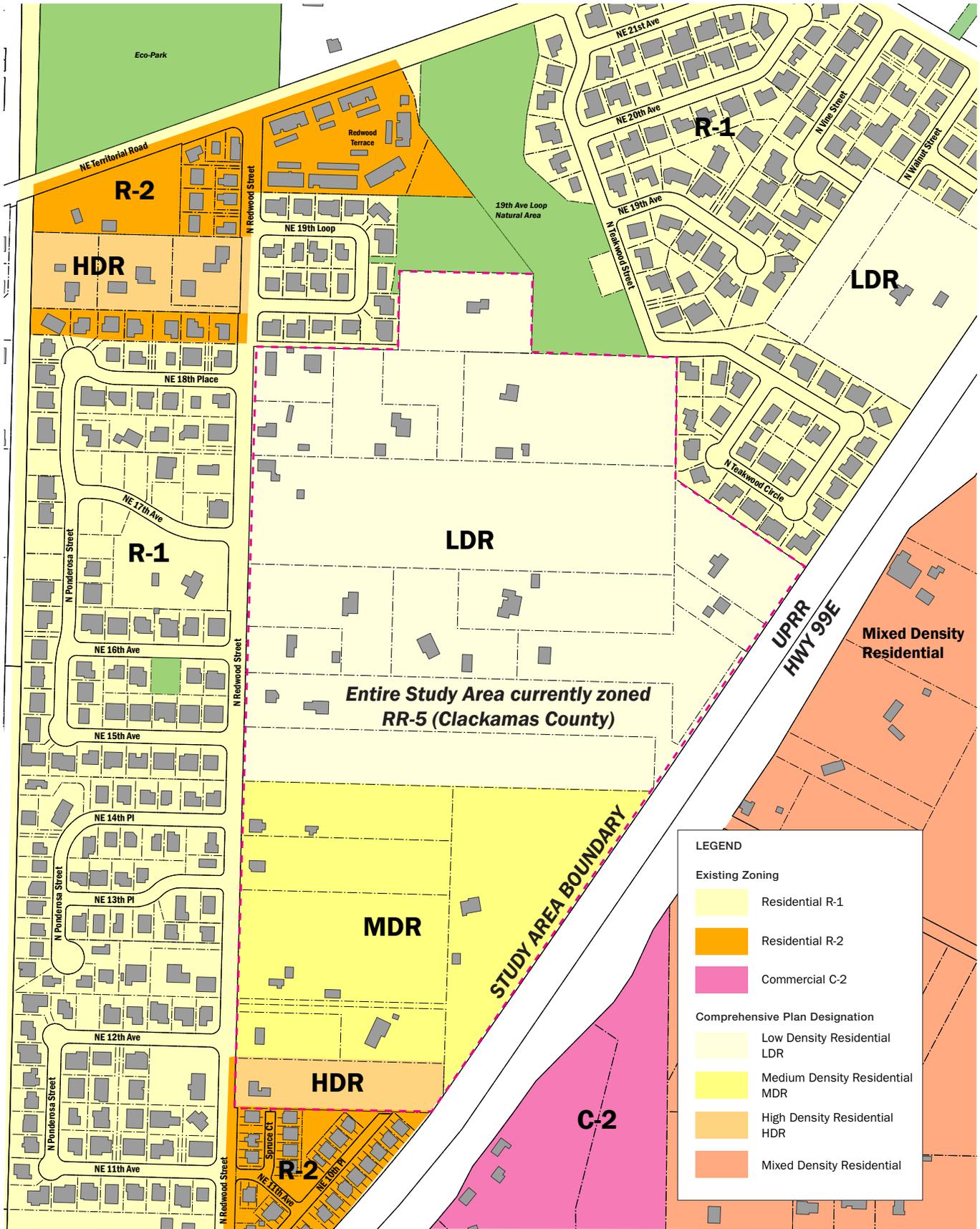


Figure 3. Developments with New Home Sales, 2012-2014

Source: Metrostudy, Google Earth, Leland Consulting Group



LEGEND

Existing Zoning

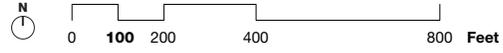
- Residential R-1
- Residential R-2
- Commercial C-2

Comprehensive Plan Designation

- Low Density Residential LDR
- Medium Density Residential MDR
- High Density Residential HDR
- Mixed Density Residential

Figure 4

NORTH REDWOOD DEVELOPMENT CONCEPT ZONING



Base Case Vested Development Rights Analysis

The project study area currently lies outside the city limits of Canby (Figure 1). As a result, rural residential County zoning is currently applied to the area. Until the area is annexed to the City, the area can only be developed consistent with County zoning requirements (Figure 4). Once a Development Concept Plan is prepared and adopted and the area is annexed, urban zoning - consistent with the City's Comprehensive Plan designations - can be applied, and development can occur at urban densities. Current County zoning requires a minimum lot size of five (5) acres for each dwelling. However, existing lots smaller than five acres in size ("lots of record") also are allowed to include a single dwelling. These development rights apply to each tax parcel, even in cases where multiple parcels are under the same ownership.

Table 6 (below) summarizes the amount of development possible (or "vested") for each parcel in the study area. As the table (and Figure 5) indicates, all but two of the properties currently include a dwelling. None of the properties are large enough to subdivide into two or more 5-acre lots (since all are less than 10 acres in size). As a result, there is no additional vested capacity on any of the parcels that currently include an existing dwelling. The only additional vested capacity in the area is represented by the two properties without structures, each of which could be developed with one dwelling as lots of record even though they are smaller than the five-acre minimum lot size threshold.

Table 6. Vested Development per Parcel

Taxlot	Size (acres)	Existing dwellings	Total dwellings vested
31E27C 00200	2	1	1
31E27C 00300	0.7	1	1
31E27C 00301	2.7	1	1
31E27C 00500	2.7	1	1
31E27C 00600	4.9	1	1
31E27C 01000	1.2	0	1
31E27C 01001	1.8	1	1
31E27C 01100	0.9	1	1
31E27C 01101	0.9	1	1
31E27C 01200	9.8	1	1
31E27C 01300	0.9	1	1
31E27C 01301	2.1	1	1
31E27C 01302	2.4	1	1
31E27CA02800	2.3	1	1
31E34B 00100	6.8	1	1
31E34B 00300	2.2	1	1
31E34B 00301	1	1	1
31E34B 00302	1.4	1	1
31E34B 00400	4.8	1	1
31E34B 00500	2.4	1	1
31E34B 00600	2.4	1	1
31E34B 00700	5.2	1	1
31E34B 00701	4.7	0	1
Total	66.2	21	23

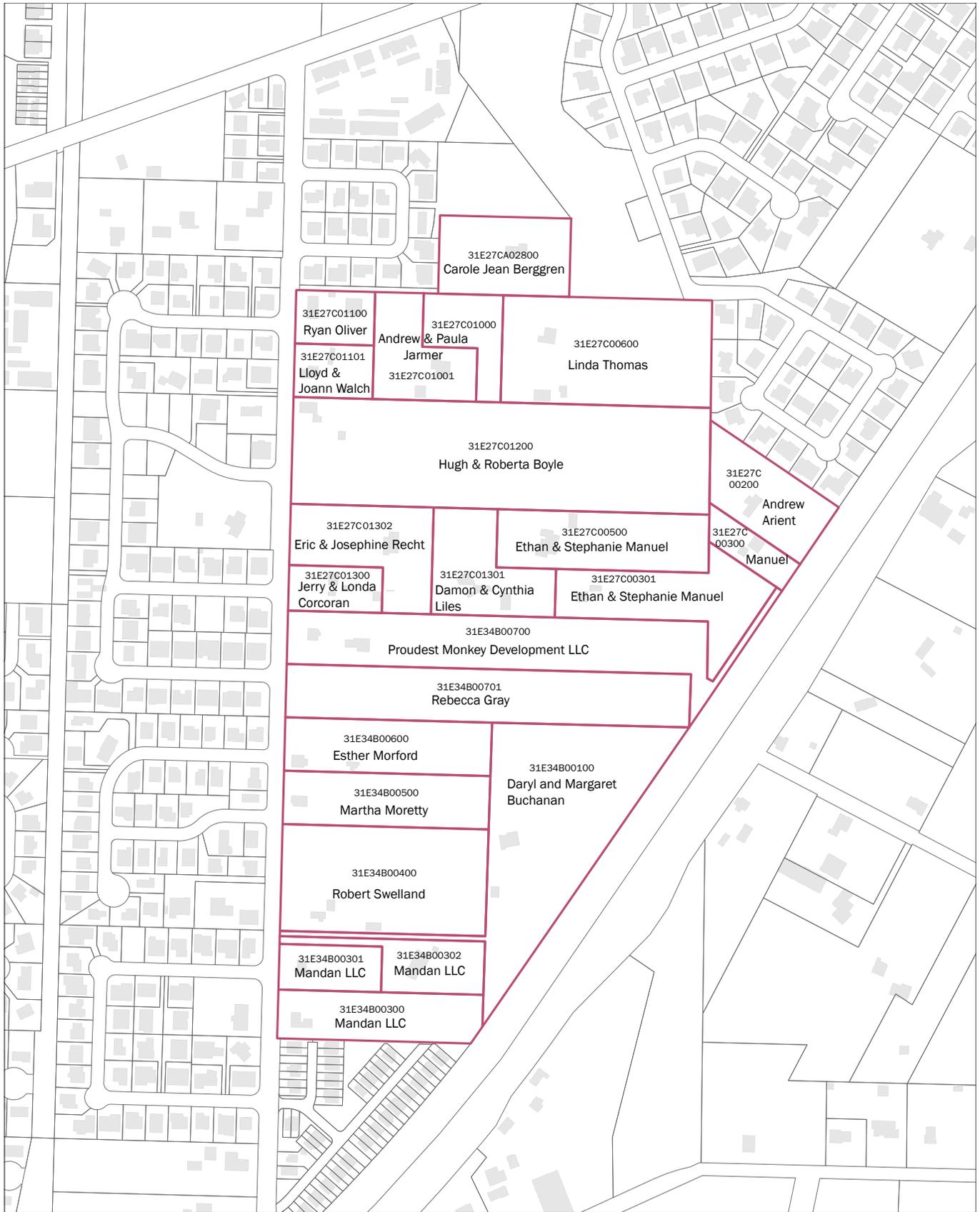
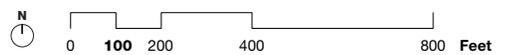


Figure 5. Taxlot Map

NORTH REDWOOD DEVELOPMENT CONCEPT
TAXLOT MAP



Base Development Practices

A variety of best development practices could be implemented in this area to ensure that development meets the project and community goals and is both sustainable and efficient. A number of practices also could result in greater value for property owners and a more equitable cost-sharing arrangement.

Transfer of Development Rights. This strategy is used in different parts of the United States to transfer the potential for development from one property to another. Transfer of Development Rights (TDR) programs have been used primarily to transfer development rights from areas with development constraints or where preservation of natural or other resources is a key policy objective, into areas where a higher level of density is desired. For example, TDRs have been used as part of farmland preservation programs in Maryland, and to protect natural areas in King County, Washington, Fort Collins, Colorado and Lake Tahoe, California, among other locations. Theoretically, a TDR program could be used here to transfer development rights from individual properties within this area either to other properties in the study area or to properties in a “receiving area” outside of the study area.

TDR programs are only successful under certain conditions. In general, these conditions include the following:

- TDRs are authorized by state law
- The governing jurisdiction has the administrative capacity to manage a TDR program
- The jurisdiction can map both sending and receiving areas
- There is a financial market for increased development rights
- There are identified receiving area where greater density is desired and viable

While some of the above conditions would be met here, others would be challenging at best, and we foresee a number of potential roadblocks to use of this strategy in Canby, including:

- **Establishment of receiving areas.** To date, the City has not identified any receiving areas outside the study area where additional residential density is desired. Within the study area, there may be locations where additional development capacity or density could be provided - however, it is likely that this would be inconsistent with the current set of Comprehensive Plan designations or could result in something of a patchwork development pattern.
- **Administrative capacity and cost-effectiveness.** While the City may have the capacity to administer a TDR program, it will take a significant amount of work to establish such a program and a certain amount of work to administer it. Given that the study area is relatively small, this may not be a cost-effective approach for the City. TDR programs are typically applied to very large areas. For example, King County’s TDR program has been used to transfer development rights for several thousand dwellings and several hundred acres of land.
- **Lack of Oregon precedent.** To date, there has been very little application of TDR in an urban setting. Recent pilot programs by the state have focused on transferring development rights from rural areas outside urban growth boundaries to areas targeted for higher density within urban areas.

As a result of these potential obstacles, implementation of a TDR program is not recommended for the North Redwood area in Canby.

Density Bonuses or Transfers. Density transfers or bonuses are another possibly simpler way to transfer density from constrained or other areas within the study area to areas where more development could occur. For example, within a given parcel, the City could allow property owners or developers to transfer density from a constrained portion of the property (e.g., within riparian, steeply sloped or wetland area) to the unconstrained portion of the site. In doing so, the City could allow for a denser level of development on the unconstrained portion of the property while ensuring that the overall density of development for the entire property does not change. The City's existing code currently allows this to some degree through lot size averaging and alternative lot layout provisions (16.16.030 B). This also could be done through targeted amendments to the City's development code or through use of a planned unit development (PUD) process, as described further below.

Density bonuses also can be used to essentially transfer or allow more dense development in certain portions of the study area while limiting development in constrained areas. Density bonuses are provided in exchange for other development practices that meet community or project goals, such as protecting additional open space or implementing low impact development practices (16.64.80 D). Clustering of density is already allowed as part of the City's PUD provisions.

Parcel Consolidation and/or Planned Unit Developments. As discussed above, Planned Unit Development (PUD) provisions could be used for a variety of purposes in the North Redwood area. They would allow for lot size averaging, alternative lot layouts, and protection of natural areas, with the development potential in those areas captured in the developable portion of a site. While use of the City's PUD process would provide opportunities for more development flexibility, such processes are most effective when applied to larger properties or developments. As a result, they would be most applicable on larger properties in the study area and/or in areas where property ownership can be consolidated.

Consolidation of individual properties would be very advantageous to meeting future development objectives in the North Redwood area. The relatively small average parcel size in this area – coupled with the varying sizes, shapes and configurations of lots and locations of dwellings – can make efficient, logical development of homes, roads, pathways and open spaces a challenge in this area. Consolidating properties would remove existing parcel lines as a constraint to planning and development and allow property owners and developers to apply development provisions to one or more larger areas. This can increase the number of options for how future development can be configured, providing opportunities for a more cohesive, logical development pattern. As a result, it also would allow property owners to spread costs of infrastructure over one or more larger areas and likely reduce the average cost per unit, due to lower costs for a more efficient system and the ability to develop a somewhat larger number of homes.

However, in the absence of parcel consolidation, the property owners have the opportunity to work together through the DCP process to share the costs and benefits of development and locate new development and associated public facilities in a way that results in more cohesive, logical and efficient development. This in turn will enhance the value of the area for the community as a whole and for individual property owners. However, this will require crafting and implementing a set of cost-sharing and development coordination arrangements.

Best Development Practices

A number of principles, strategies, and best practices in neighborhood planning and design can be employed to increase long-term sustainability and viability of development projects. Four key principles are outlined in the following pages.



Houses with their front doors and porches directly facing the street provide a pleasant pedestrian experience and a safe and friendly environment for children to play. Garages should be set back or accessed from rear alleys.

1 walkable neighborhoods



Tree-lined streets and wide sidewalks help create an attractive, walkable neighborhood.



Disconnected streets create challenging routes to schools and other neighborhood amenities, reducing neighborhood walkability.



A connected grid of streets allows multiple direct routes for residents to safely walk or bike to schools, parks or natural areas.

2 low impact development (LID)



Bioswales not only treat stormwater, but also provide a pleasant edge to residential streets and give a neighborhood distinctive character (Image from Low Impact Development Handbook, University of Arkansas)



Bioswales in a residential development treat stormwater runoff from the street and sidewalk.



Stormwater treatment planters should be integrated in street and parking lot design wherever possible to reduce utility infrastructure costs and improve the aesthetic appeal of these public areas.



Street trees help intercept rainwater and reduce and delay the amount of rainfall reaching stormwater facilities.



Protected site natural areas can contribute to reducing the impacts of stormwater runoff



Preserving existing trees where possible can significantly enhance the value of new development.



The integration of small “pocket parks” and other flexible open spaces into neighborhoods allows for recreation close to home.



The design and siting of parks and open spaces should complement and give character to the surrounding development and help to create desirable urban form.



Community gardens can provide a greenspace near housing that serves diverse needs and takes advantage of fertile soils.

3 integrating natural resources

4 housing types



Example of existing small lot single-family development in Canby



“Cottage”-style housing is an attractive option for single-family development, allowing shared open spaces.



Small lot single-family development with garage tucked behind the unit creates a more attractive street frontage.



Example of large-lot single family development (10,000 sf).



Example of medium-density single-family development with reduced size garage and front porch directly facing the street.

Infrastructure Funding Tools

This section presents a preliminary list of infrastructure funding tools that could be considered for the study area. These tools are important, since it will be challenging to equitably distribute the costs and benefits of development in the study area, given the number of property owners and the wide range of property sizes and levels of access to existing infrastructure.

Reimbursement District. One or more capital improvements are identified by the City or developers, along with the district (area) within which properties benefit from the improvement. All property owners are assessed a pro rata fee that corresponds to the benefits they will enjoy from the improvement(s), typically on a per unit or square foot basis. These “latecomer” reimbursement fees are paid by later developers to the party that initiated the district at the time of project permitting, and are typically in addition to any SDCs owed. Districts can be initiated by either developers or the City.

In this way, a structure can be devised whereby both early- and later-phase developers pay the same amount. The City or early-phase developers pay directly by building and paying for the infrastructure, and later-phase developers reimburse the initial builder.

One drawback to developer-initiated reimbursement districts is that they typically close or “sunset” after 10 to 15 years, after which no further fees can be received, and therefore the entities that pay for the capital improvement cannot be certain that they will be paid back in full; repayment depends on how fast the district develops. Cities can extend reimbursement districts beyond this time frame, and can extend developer-initiated districts.

Models for this type of arrangement is the Coffee Lake Drive Sewer Improvements Reimbursement District formed by the City of Wilsonville in 2012; and a reimbursement district that was formed in advance of the Woodburn Outlet Mall. In the latter case, any development that followed the outlet mall’s construction owed a portion of the I-5 interchange improvement costs to the outlet mall’s developer.

Local Improvement District (LID). Property owners within a defined district are assessed a fee based on the proportional benefits they receive from the district. This fee is established at inception of the district and may be paid upfront or financed over time. In contrast to a Reimbursement District, property owners must begin paying the fee at the time of district creation, not at the time they permit their property for development. The advantage of this method is considerable additional security such bonds can be issued against future LID revenues; whereas Reimbursement District revenues are too uncertain to support bonds.

LIDs (not to be confused with low impact development) typically require the approval of a majority of the affected property owners in the district via a vote; however, exact implementation procedures are based on City ordinance. Owners benefit from paying costs over time and the City’s access to a lower interest rate. See ORS 223.387 for details on LIDs.

Advance Finance District. Similar to LIDs in that the district distributes the cost of infrastructure commensurate with benefit to individual properties. A critical difference is that developer/property owner payments are due at the time of service connection rather than immediately at the time of district formation. According to the City, an Advance Finance District was implemented by the City in order to fund a sewer line in North Redwood Street.

Development Agreements. An agreement between the City, one or more developers, and sometimes other parties, that can define a range of roles and responsibilities, including responsibility for infrastructure funding. Development Agreements can address complicated situations in which a series of actions is required from multiple parties. Examples of this type of arrangement include the City of Wilsonville’s agreements with the developers of the Villebois Community. The Portland Development Commission (PDC) has used development agreements in numerous projects including Hoyt Street Yards/The Pearl District and South Waterfront. A development agreement could make use of one or more of the other funding tools described here.

Capital Improvement Program. Cities typically maintain multi-year capital improvement programs (CIP), which include prioritized, multi-year list of the transportation, sanitary sewer, water, stormwater, parks, and potentially other infrastructure that will be funded and built. Typically, the CIP includes projects that have a citywide benefit, or a benefit beyond a single local development. CIPs are typically funded from Systems Development Charges (SDCs), as well as General Fund sources, grants and loans, intergovernmental transfers, and other sources. It is possible that one or more improvements in the North Redwood Area could be included in the City's CIP; however, the consultant team is not aware of any improvements within the study area that will have significant benefits beyond the study area itself.

Systems Development Charges. SDCs are assessments made by local governments on new real estate development. SDCs provide a mechanism for local governments to pay for infrastructure needs associated with growth without raising taxes or fees for services. Government entities levy impact fees against developers at the time of development to cover the additional costs to serve the new development. Impact fees typically cannot be used to correct existing deficiencies in public facilities.

While SDCs are important and would be collected as the area develops, they are likely to be directed to the City's CIP and the projects of citywide importance that the CIP funds, rather than projects in the North Redwood area. In most cases, developers would pay SDCs in addition to any of the other district fees described above, if one of those funding districts were implemented.

Other Funding Tools. Other funding tools may be available to the City, but are not believed to be well suited for the North Redwood Area. These include:

- **Additional Government Grants and Loans.** No known grant or loan programs are suitable for the infrastructure required in the North Redwood area.
- **Urban Renewal/Tax Increment Financing.** The creation of a new urban renewal district is time consuming; may require support from

other taxing jurisdictions such as the County and School District; and is usually associated with special areas where development serves a larger public goal, such as downtowns and waterfront areas.

- **County Service District (e.g. Road District).** An area-specific tax levy can be assigned to an area in order to fund needed infrastructure. This has been used in large areas that are planned for new residential and commercial development, particularly the North Bethany area in Washington County. However, a service district requires voter approval, and the creation of a new political body to manage the district. Such a new taxing district may have an impact on the funds generated by other overlapping taxing districts, if all levies combined exceed Measure 5 limits. This issue would need to be analyzed in more detail if this funding option is selected.

end



WALKER | MACY

LANDSCAPE ARCHITECTURE

URBAN DESIGN

PLANNING