



WASHINGTON SQUARE REGIONAL CENTER

Executive Summary

Existing Conditions, Opportunities, and Needs

August 2021

INTRODUCTION

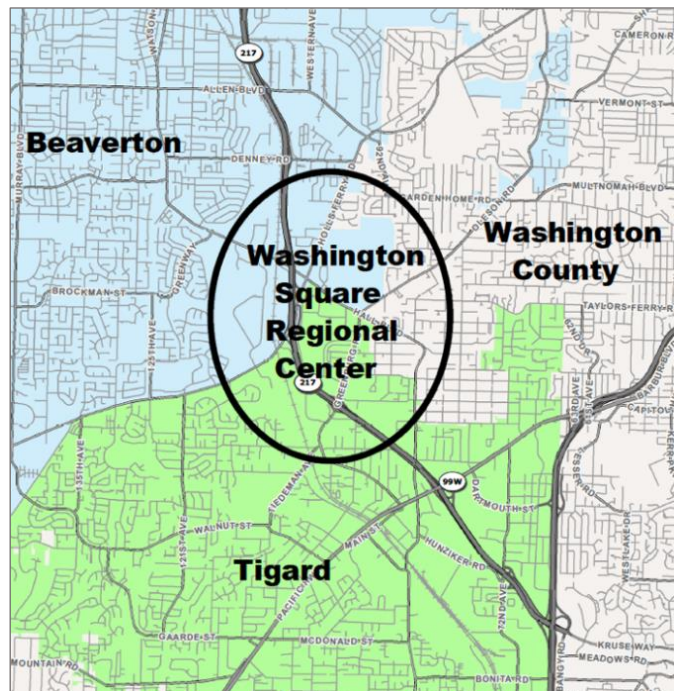
Washington Square is one of eight regional centers in the Metro 2040 Growth Concept. The original regional center plan, which was developed in 1999, envisioned the area as a dense and walkable commercial hub, with lots of housing and mixed-use development served by high-quality transit.

The main tenets of the original vision remain valid, but Tigard believes an update is necessary given the significant changes that have occurred in the past 20 years with how people shop, travel, and work. The original vision also lacks an equity lens and did not anticipate the housing or climate issues that are present today. Tigard believes that the Washington Square Regional Center (WSRC) has the potential to change and grow to better serve the community and needs an updated plan to guide its development into the future.

The purpose of the Washington Square Regional Center Update Project is to work with the community and Project partners to refine the original vision with the goal of facilitating more housing, employment, and transportation options that are consistent with Tigard's strategic vision to be a walkable, healthy, and inclusive community.

This document summarizes key findings from several reports. See the last page for a complete list. This summary includes:

- Demographic information



WSRC Location and Context

Source: City of Tigard

- Current land uses and development activity
- Employment and business trends
- Market conditions and re/development opportunities
- Development feasibility and obstacles to re/development, including regulatory barriers
- Residential displacement risk in and around the regional center
- Infrastructure needs, including transportation and public utility deficiencies and barriers
- Challenges with implementing the original plan

THE WSRC TODAY

Residents and Employees

The regional center population is growing and changing. It is home to both larger households and more single-person households as compared to the rest of Tigard. The current residents of the regional center are more likely to rent than own and tend to have more modestly valued homes than the rest of Tigard. There are more households with somewhat lower incomes and more younger residents as compared to the rest of Tigard. The regional center is also home to a growing Black/African American population.

The number of employees and businesses in the regional center has declined by about 12 percent since 2003. Salaries across all industries have declined as well. The lowest-paid employees made up roughly one-third of the 2018 workforce—totaling over 5,000 employees—and earned 33 percent less than their 2003 counterparts. Lincoln Center consistently has the highest number of employees per acre, and Washington Square Mall consistently employs the greatest number of people.

Current Land Uses and Recent Development

The WSRC study area is largely developed.

The majority of the land in the regional center is devoted to commercial activity. Almost all commercial buildings were built before the original 1999 plan. There are very few vacant buildable sites remaining. Much of the vacant land in the area is constrained by wetlands or lacks transportation access.

The area remains auto-oriented, and there has been some recent large-format retail development, including a car dealership. Still, many of the existing surface lots are over-sized relative to parking needs. There has also been some residential infill development over the years, including one recent and relatively large multifamily development.



WSRC Study Area
Source: City of Tigard

MARKET CONDITIONS & DEVELOPMENT OPPORTUNITIES

A Changing Retail Landscape

The concentration of existing retail businesses in the WSRC—particularly in the Washington Square Mall—creates a destination that draws people from outside the area. This, along with a location at a highway interchange make the area relatively attractive for retail businesses serving southeastern Washington County. However, recent retail trends suggest dramatic shifts occurring in the suburbs, especially around suburban shopping centers and malls. Demand for urban-style living and experiential and entertainment retail has increased over the past several years, coupled with the closure of big box stores. The COVID-19 pandemic has exacerbated these retail trends but is also threatening experiential retail and restaurants. Assuming a return to demand for experiential retail and entertainment following the COVID-19 pandemic, the WSRC is well poised to take advantage of these trends. Although the overall demand for retail space is likely to hold or decline, some new, smaller retail spaces could be built (on their own or as part of a mixed-use development) that are better tailored to the format and amenities that are currently in demand.

Employment Areas in Transition

New flex or industrial development is unlikely in the WSRC due to a lack of vacant sites large enough for this type of development, which typically can't afford the cost of redevelopment. The WSRC is also challenged compared to other nearby competitive areas for production and distribution businesses due to traffic congestion. While the existing flex and industrial buildings are likely to remain in the near future, trends indicate that demand for space in these existing buildings is likely to be driven by office-oriented businesses, repair businesses, fitness and recreation uses like gyms, and smaller e-commerce and distribution-related companies with moderate storage and shipping needs.

The existing office parks in the WSRC provide lower rents than some adjacent employment areas (e.g. Kruse Way). Vacancy rates are high, and some of the space has begun to transition to other uses—such as specialty retail, indoor recreation, and light manufacturing—indicating reduced demand from traditional office users, such as professional service businesses. These office parks have limited opportunities for redevelopment, but they offer potential for property owners to improve and modernize buildings and common areas to attract tenants who would otherwise look elsewhere in the region.

Mixed-Use Redevelopment Potential

Most mixed-use redevelopment opportunities in the study area are on large commercial sites with underutilized surface parking lots, such as the Washington Square Mall (Mall) and around the edges of the Mall on Greenburg Road and Hall Boulevard. The Mall site offers the greatest potential for redevelopment. The Mall owners will need to find other uses to keep the mall successful as times get increasingly challenging for retailers. They have available land in the large parking areas surrounding the Mall and can create a master plan that leverages both new and existing development. The Mall owners have already proposed redevelopment on the southern portion of the site, with a second phase potentially including residential development. Over the long-term, this redevelopment could expand to include a mix of uses, such as office, residential, retail, entertainment, and hospitality. These types of amenities and a concentration of activity could help support both residential and commercial development throughout the WSRC.

Residential Infill Potential

Recent and pending development shows fairly strong demand for residential development (e.g. apartments, rowhouses, and detached houses) that is consistent with the vision for the area. There are smaller-scale residential infill opportunities in the surrounding neighborhood that could support medium-density housing if permitted by zoning.

What Scale and Type of Development is Feasible?

A wide range of development types and scales are allowed under the existing zoning in the WSRC—from detached houses to 20-story towers—with taller mixed-use buildings and higher-density housing and office buildings planned for much of Tigard’s portion of the WSRC. However, an analysis of conceptual development types show that many developments allowed by zoning would be difficult to build based on expected market conditions.

- The amount of needed parking in a suburban environment combined with the cost of building underground or structured parking is a challenge for high-density development.
- High-rise tower construction is not financially feasible or likely to become feasible in the near- to mid-term due to the amount of needed parking and the high construction cost of high-rise development.
- New office development is possible in some situations. Office buildings between three and five stories with surface parking or access to an existing parking garage are likely feasible.
- New mixed-use residential development (apartments over ground-floor commercial space) is also possible in some situations. Four- to six-story developments with surface parking are financially feasible and being built today, and somewhat higher densities (six to seven stories with structured parking) could be feasible in some situations.
- Low-rise residential development such as rowhouses and walk-up apartments are financially feasible on lower-value lots.
- Single-story retail development is likely financially feasible if it offers something existing retail businesses do not.
- Redevelopment of single-story retail into a walkable mixed-use development by dividing large sites into smaller blocks is possible; however, redevelopment may not be feasible if a developer must acquire the site at its current value.

What are the Obstacles to Development?

Development code barriers exist for both high-density and low-density developments. For higher-density development, issues include high parking, lot coverage, and landscaping requirements that make this type of development challenging. Lower-density developments (including townhomes, low-rise apartments, and single-story retail) often don’t meet minimum density and height requirements intended to encourage higher-density development.

Generally speaking, the development pattern in the WSRC is suburban and auto-oriented, and existing standards are urban and pedestrian-oriented. Moreover, businesses west of Highway 217 are out of sync with existing land use standards, and this area contains many nonconforming uses. Both of these factors make incremental change or improvements to existing developments impossible or difficult.

DISPLACEMENT RISK

What is Displacement and Who is At Risk?

With new development occurring in the WSRC, some existing residents in and adjacent to the regional center may be at risk for displacement. Displacement occurs when a household is forced to relocate as a result of changes in the housing market, either because their housing is being redeveloped or undergoing major renovations or because their housing costs are increasing faster than they can afford. Renters are at greater risk because, even after the passage of statewide renter protections, they are still subject to changing market conditions and property owners' decisions about redevelopment, remodels, rent increases, etc. *Business displacement is also an important consideration, but it is outside the scope of this effort.*

Displacement Risk and Potential Effects from Future Changes

Possible changes in the WSRC area—as a result of public investment in transportation and public amenities, new development regulations, or incentives for mixed-use development—all have the potential to make the area more desirable. This is intentional, but it may also attract more affluent households to the area, which can impact existing residents and businesses. While these changes are not likely to cause substantial near-term risk of displacement, they could increase market pressure on existing housing over the long-term. However, if the area becomes more attractive (with or without public support) and new housing is *not* built, this could have an even greater impact on existing housing rents.

Displacement risk due to redevelopment: There are about 170 houses in the study area¹ (about 4.5 percent of total housing units) that are potentially renter-occupied and have comparatively low property value relative to their lot size. These properties may become easier to redevelop if market conditions or development regulations change. However, the majority of these properties are located outside of the Tigard Washington Square Plan District (TWSPD)², where no changes to development regulations are proposed that would affect their ability to redevelop. Approximately 40 of these roughly 170 houses are within the TWSPD, and half of them are clustered along Hall Boulevard and Oak Street. These areas are already planned for higher density development and some are currently pending redevelopment, but future City investment and development regulations changes may make redevelopment more likely.

Displacement risk due to rising rents or remodels: There are approximately 1,300 housing units in the study area (about 35 percent of total housing units) that are potentially renter-occupied and have no affordability restrictions, including both single-family rental homes and apartments. Many of these housing units are within or adjacent to the TWSPD. If desirability of the area increases, these housing units could experience faster rent increases or be remodeled to attract more affluent residents, potentially displacing existing residents. These kinds of changes tend to follow public and private investment in an area, rather than precede them, which means that displacement risk is lower at first but may increase over time. The apartments closest to the Mall (roughly 260 units or 7 percent of all housing units in the study area) are most likely to be affected by future redevelopment and investment in the area. Those further away will likely be less affected.

¹ The study area for displacement risk encompasses the Washington Square Regional Center, the adjacent Metzger neighborhood, and a small residential area north of Hall Blvd and west of Scholls Ferry Road.

² The TWSPD encompasses only areas of the Washington Square Regional Center that are within the City of Tigard's planning area.

Displacement Prevention and Mitigation Strategies

The City of Tigard identified several strategies in its 2019 Affordable Housing Plan to help preserve affordability of Low-Cost Market Rate rental housing. These should be considered for many of the older apartment properties within the TWSPD to reduce displacement risk. Development of more regulated affordable housing would also improve housing stability overall. However, this would not help existing residents remain in the neighborhood unless they were given priority for new units.

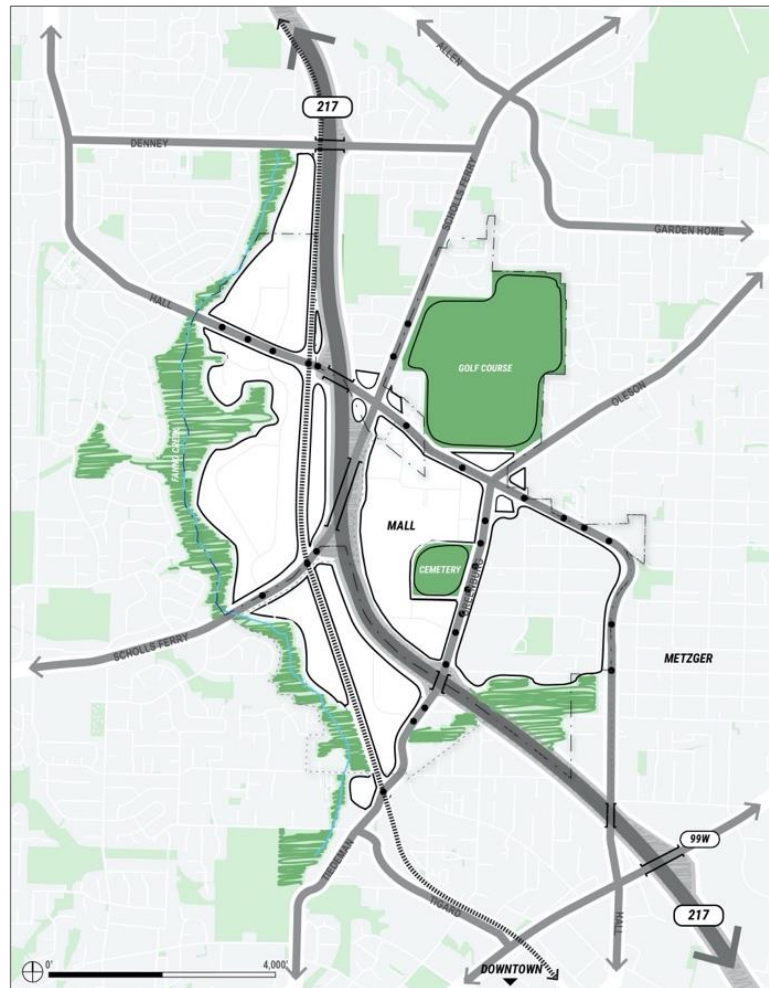
While displacement risk is greater over the medium- to long-term, actions to prevent displacement must be implemented before the displacement occurs to be successful. Therefore, anti-displacement efforts identified in the 2019 Affordable Housing Plan should be implemented with a greater focus on the TWSPD and other areas in the city that have a higher share of residents vulnerable to displacement pressures.

INFRASTRUCTURE NEEDS

Transportation

There is good access to the WSRC from around the region, especially by car, but travel within the area is difficult for all modes of travel, but especially for people walking and biking, due to barriers created by existing development, major roads, train tracks, and Fanno Creek.

The bike and pedestrian networks are disconnected and, in some places, non-existent. Existing bike lanes have gaps and difficult intersections. Bike lanes, where present, on higher-speed, higher-volume roads are not comfortable for most riders. There are few sidewalks within the Metzger neighborhood, the Mall, around the WES Transit Center, and the Lincoln Center office park. The Fanno Creek Trail is the only continuous north-south route available for people walking and biking. Existing crossings of Highway 217 offer narrow sidewalks next to high-speed traffic, making walking unpleasant.



Existing Regional Network Creates Local Barriers
Source: SERA Architects

Transit service is present but poorly integrated. The area is served by multiple bus lines and the WES commuter rail, but the WES station and the Transit Center are separated by Highway 217, and neither offers many amenities for riders. A park and ride lot located between the two is difficult to access by foot from both. In addition, the Southwest Corridor Light Rail Project is being planned for elsewhere, making the WSRC one of two regional centers not served by light rail.

Planned projects for the WSRC would address many of these issues, but many of the recommended transportation and transit projects from the original plan have not been implemented due to cost, complexity, or controversy. For example, two projects from the original plan—the Washington Square Loop Trail and northern Highway 217 overcrossing—are not included in any of Beaverton’s plans. Moreover, other projects in Tigard’s current Transportation System Plan, which is in the process of being updated, may make walking and biking worse rather than better.

Water, Sewer, and Stormwater

Multiple public agencies provide public utility infrastructure in the area. The cities of Tigard and Beaverton share responsibility with the Tualatin Valley Water District for water and with Clean Water Services (CWS) for sewer and stormwater. There are some infrastructure deficiencies that could create barriers for re/development in the WSRC in the near- and mid-term.

- **Stormwater:** Most existing development in the WSRC was originally built when there were minimal (if any) stormwater regulations and is far from meeting current stormwater standards. The large parking lots and buildings, which block rainwater from filtering into the ground, increase the need for stormwater treatment (to remove pollution and improve water quality) and detention (so that water reaches streams more gradually). Redevelopment of these impervious areas will need to meet current stormwater standards, which will be challenging due to the lack of open space and vacant land for stormwater facilities. However, there may be opportunities for regional or shared facilities and for incorporating stormwater into landscape features on the Mall site and other large properties as redevelopment occurs.
- **Sewer:** CWS has identified existing capacity deficiencies in the Fanno Trunk Line and at the end of the Metzger Interceptor Line. CWS is currently studying these deficiencies to identify solutions.

IMPLEMENTATION PROGRESS & CHALLENGES

Implementation of the original vision has been challenging. Key reasons include:

- The regional center is large. It lies within three jurisdictions, and these jurisdictions have not always shared the same priorities over time with respect to the WSRC.
- Existing zoning and development standards, which were intended to facilitate more intense mixed-use, pedestrian-oriented development, have been out of sync with the market and ineffective at producing the desired change.
- There is no dedicated funding source to build the original plan’s recommended projects, and there are competing demands for public investment from both Beaverton and Tigard. Downtown Beaverton, Downtown Tigard, and the Tigard Triangle have been the focus of recent planning initiatives and public investment. As a result, these areas will likely attract private investment instead of the WSRC.

SOURCE DOCUMENTS

- WSRC Background and Conditions Report (August 2020)
- WSRC Market Analysis (August 2020)
- WSRC Subareas and Development Opportunities Memo (August 2020)
- WSRC Non-Vehicular Transportation Audit (August 2020)
- WSRC Utility Audit (August 2020)
- WSRC Opportunities and Obstacles to Development Report (March 2021)
- WSRC Displacement Risk Study (July 2021)