

## MEMORANDUM

To: Ryan Wells, *Community Development Director*  
City of Cornelius  
1300 S. Kodiak Circle  
Cornelius, Oregon 97113

From: Steve Faust, *Project Manager*; Anais Mathez, *Senior Planner*

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Date: September 17, 2018

**Project Name:** *Cornelius Town Center Plan*  
**Project No:** *18488*  
**RE:** *Existing and Planned Conditions Report*

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### I. INTRODUCTION

Located in the fertile Tualatin River Valley, the City of Cornelius has deep roots as an agricultural town. Those roots are still in evidence today as Cornelius is home to vineyards, farms and a landscape that lends itself to tourism and recreational activities. However, the community is no longer able to rely on agriculture as the foundation of its economy. While the nearby cities of Hillsboro and Forest Grove have capitalized on the technology industry in Washington County, Cornelius has been classified as an Economically Distressed Community by the State of Oregon.

In recent years, the City has initiated a series of efforts to turn its economic status around. More than \$8 million has been invested in new downtown infrastructure, including sidewalks, decorative streetlights and ADA facilities. An Economic Opportunities Analysis and Economic Development Strategic Action Plan provide a framework for growing the local economy. Currently in construction, 'Cornelius Place' will combine a library and low-income senior housing into a three-story community facility that demonstrates the Town Center Cornelius can aspire to.

In October 2017, the City was awarded a Metro 2040 Planning and Development Grant for the development of a Town Center Plan. The objective of the Town Center Plan, which also will encompass an Urban Renewal Plan for implementation, is to establish tools to implement a vision to revitalize Cornelius' urban core and encourage private investment and employment growth.

The objective of this memorandum is to assess current and planned conditions within the Town Center Plan boundary to establish a baseline understanding of Cornelius' downtown. It presents an assessment of land uses, public facilities and transportation in order to identify opportunities and constraints found within the Town Center. The memo also includes a market analysis to better understand the market forces that create barriers to development in Cornelius, as well as a



preliminary analysis of the financial capacity of an urban renewal area (URA). The memo concludes with an assessment of code, design standards and the procedural aspects related to reviewing new development. The information in this memo is organized into the following sections:

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## **II. LAND USE AND BUILT INFRASTRUCTURE**

### ***Study Area***

Cornelius is located along Highway 8 or Tualatin Valley Highway between Forest Grove to the west and Hillsboro to the east (Figure 1). The city is bounded by Council Creek to the north and the Tualatin River to the south. Two railroad lines run east-west through the city, though the northern line has not recently been active.

The Conceptual Town Center study area is a 276-acre (0.43 sq. mi.) area located along Hwy 8 where it splits into Baseline and N Adair Streets. The northern edge of the Conceptual Town Center boundary follows the northern railroad tracks on the west and east ends, with the boundary in the center expanding north to incorporate lands up to N Holladay Street. The western edge lies just east of the Midland Manor Manufactured Home Park and extends from the northern railroad tracks south to S Alpine Street. Along the southern edge, it follows S Alpine Street on the west and east sides but extends south to S Beech Street between 8<sup>th</sup> and 20<sup>th</sup> Avenues. Finally, the eastern edge falls just along the Fred Meyer property north of Baseline Street, extending from the southern to the northern railroad tracks. Figure 2 displays the boundaries for the Conceptual Town Center study area.

The Conceptual Town Center boundary may be adjusted through the Town Center Plan process. There are several considerations in determining the final boundary for the Town Center. Residential development north of the northern set of railroad tracks includes three manufactured home parks (Forest Hills Mobile Estates, Council Bluffs Manufactured, Smoketree MHCLLC). These communities are disconnected from the core and not typically included in a town center. The same could be said for Midland Manor Manufactured Home Park along the eastern boundary. The boundary also captures some residential development south of the southern railroad tracks. Conversely, the large vacant parcel east of Fred Meyer between Baseline Street and the northern railroad tracks has a commercial designation and would likely benefit from being brought into the Town Center boundary.

### ***Environmental Conditions***

As previously noted, Cornelius is bounded by two waterways: Council Creek to the north, and the Tualatin River to the south (Figure 3). Council Creek flows south towards the Tualatin across the eastern edge of the city limits. Wetland areas are most prominently clustered around the Tualatin River, but a large buffer of vegetated riparian areas exist along all waterways.

The current northern boundary of the Town Center closely follows Council Creek, though the watershed's floodplains do not extend south into the study area. Several pockets of natural denser vegetation and trees are interspersed throughout the Town Center, notably in some private lots to the north of the Cornelius Elementary School playfields, and alongside the eastern edge of the Fred Meyer.



Figure 1. Cornelius Town Center Regional Context

**REGIONAL CONTEXT**  
 CITY OF CORNELIUS  
 URBAN RENEWAL PLAN & TOWN CENTER MASTER PLAN

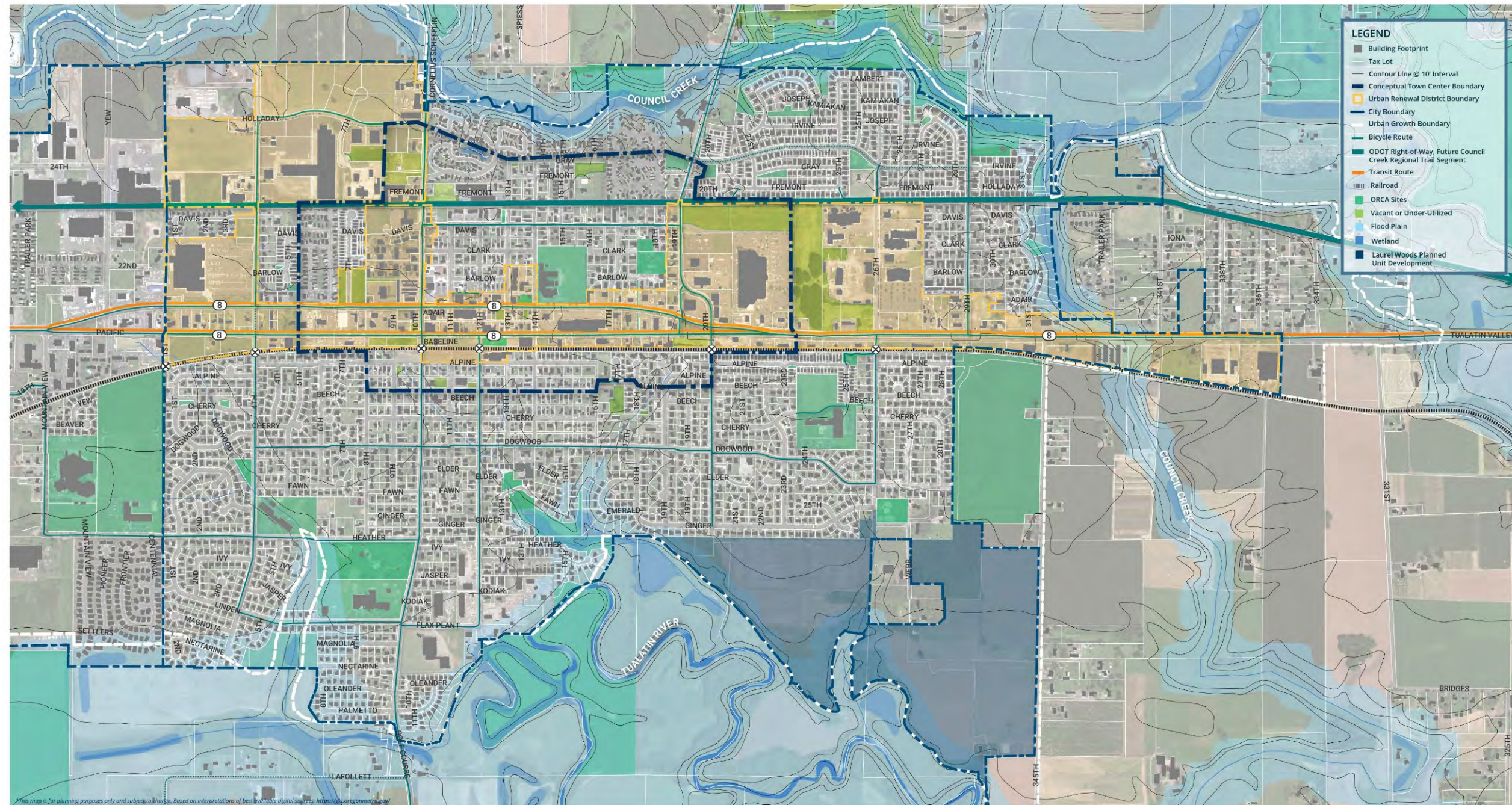


Figure 2. Cornelius Town Center Study Area.

**STUDY AREA**  
 CITY OF CORNELIUS  
 URBAN RENEWAL PLAN & TOWN CENTER MASTER PLAN

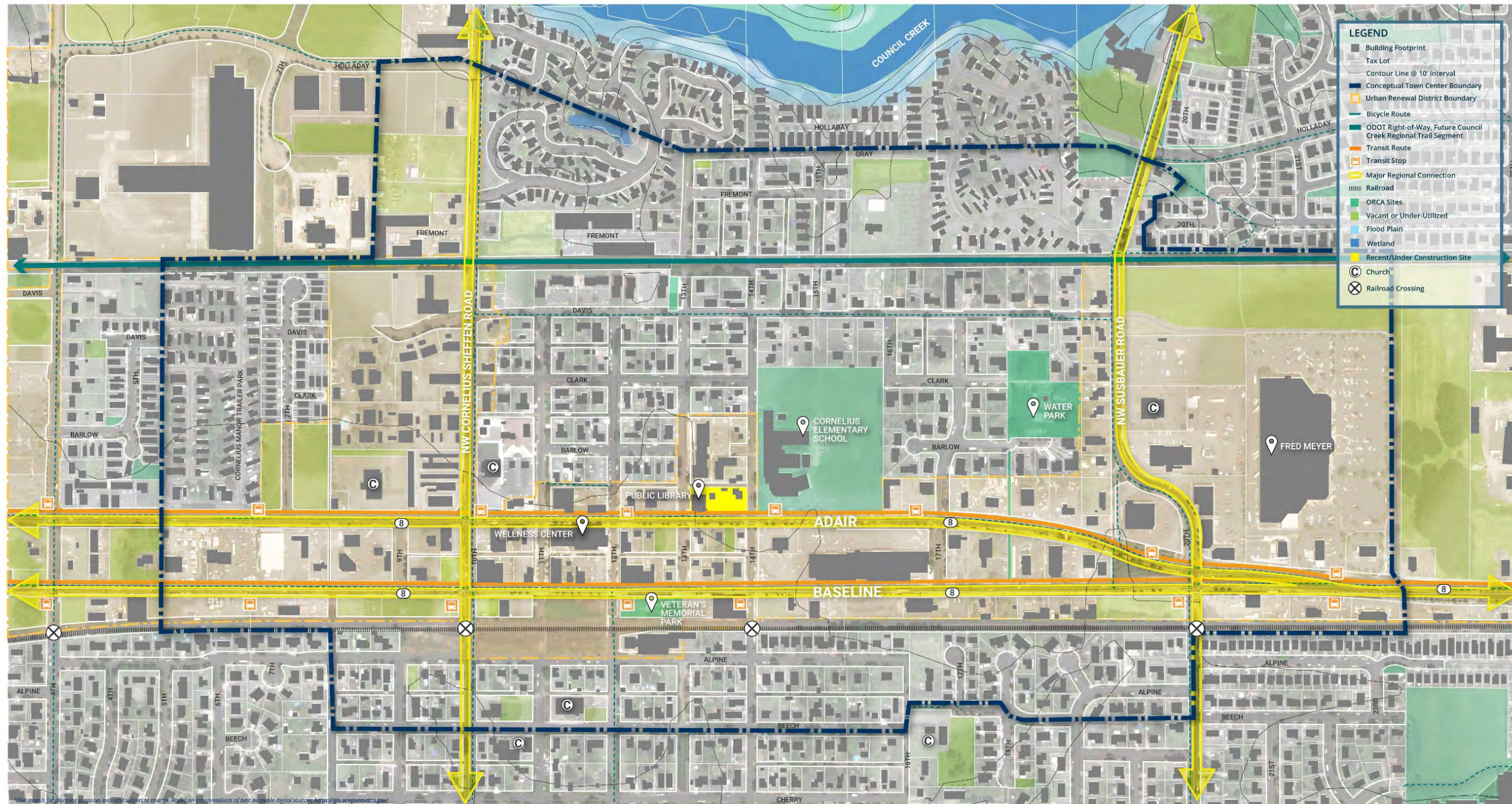
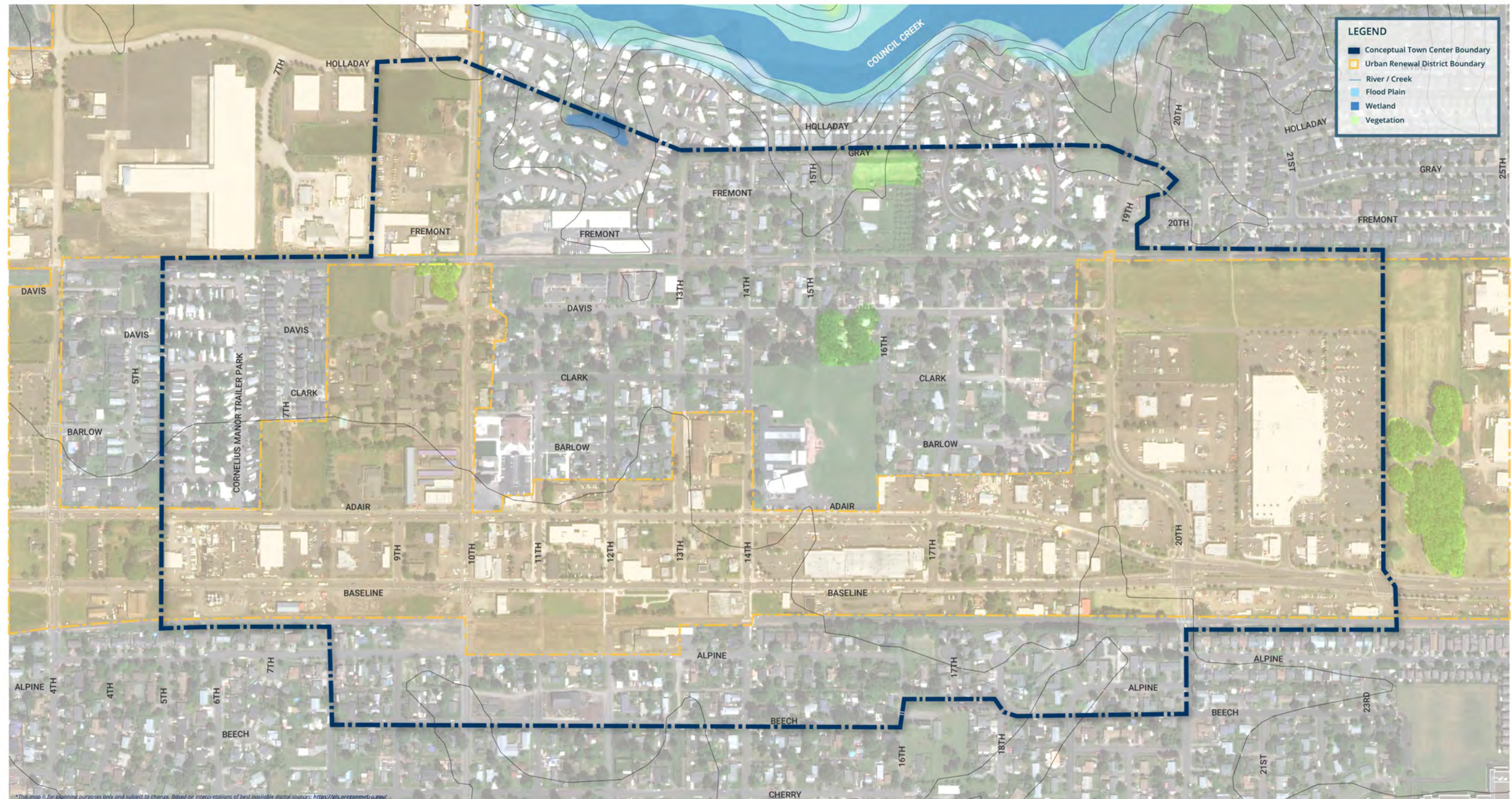


Figure 3. Cornelius Town Center Environmental Constraints.

 **ENVIRONMENTAL CONSTRAINTS**  
CITY OF CORNELIUS  
URBAN RENEWAL PLAN & TOWN CENTER MASTER PLAN



\*This map is for planning purposes only and subject to change. Based on interpretations of best available digital sources: <https://gis.oregonmetro.gov/>

## **Zoning**

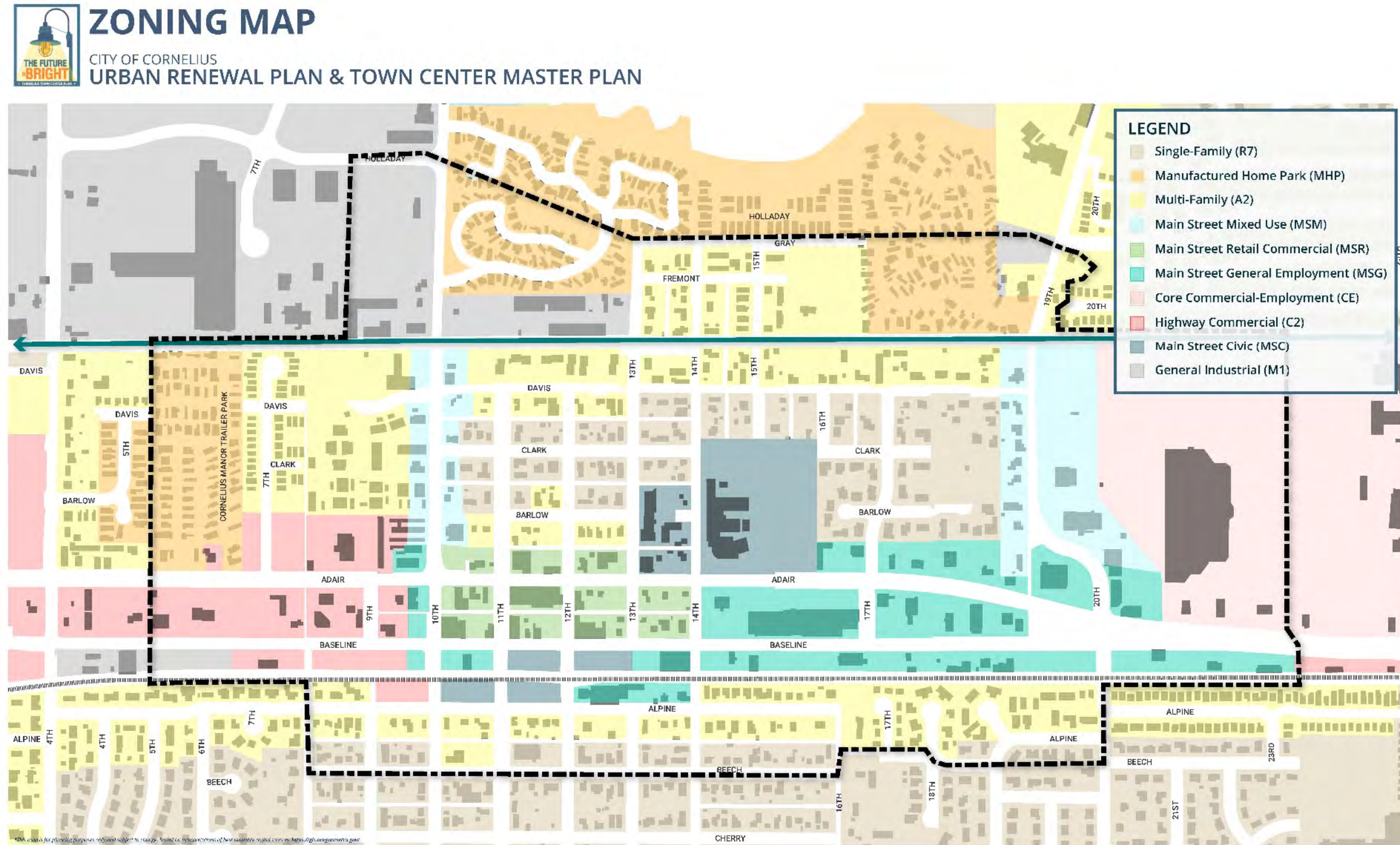
The City of Cornelius has a total of ten zone types, all of which exist to some extent within the Conceptual Town Center boundary. Additionally, four of these zone types are “Main Street” zones and appear exclusively in the Town Center. Figure 4 depicts zone designations within the Town Center, and they are summarized in Table 1 below. A more detailed analysis of zoning in the Town Center is provided in Section III of this document.

**Table 1. Estimated Zoning Acreage of the City of Cornelius and the Cornelius Town Center.**

Source: Metro RLIS Data.

Zone	Abbreviation	Acreage (City)	Acreage (Town Center)
Multi-Family	A2	267	50
Single-Family	R7	497	21
Highway Commercial	C2	80	15
Core Commercial-Employment	CE	71	26
General Industrial	M-1	119	13
Manufactured Home Park	MHP	58	24
Main Street Civic	MSC	12	12
Main Street General Employment	MSG	22	22
Main Street Mixed Use	MSM	15	15
Main Street Retail Commercial	MSR	7	7

Figure 4. Zoning in the Cornelius Town Center.



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## **Development Status**

### **Commercial**

An addendum to the Cornelius Economic Opportunities Analysis from March 2017 outlines the existing conditions of commercial development in the Town Center. The addendum notes that because the area is underserved across almost all retail categories, there is a \$200M sales leakage that Cornelius has an opportunity to capture. Assuming a capture rate of 25%, the report estimates that the area could support 210,000 sq. ft. of added retail space, which would require an estimated 19-20 acres of land to support. It also estimates the amount of developable lands within the Town Center, summarized in Table 2 below.

**Table 2. Estimated Available and Needed Commercial Lands in the Cornelius Town Center.**

Source: Addendum to the Cornelius Economic Opportunity Analysis. March 2017.

Lands Available	Total Developable		Vacant		Underused	
	Sites	Acreage	Sites	Acreage	Sites	Acreage
All Available Commercial Lands	33	36	20	19	13	17
<i>Ready-to-Build</i>	12	14	12	14	-	-
Lands Needed	-	20	-	-	-	-

The report concludes that the 14 ready-to-build acres are inadequate to accommodate the needed retail lands to capture 25% of the trade area. The document recommends expanding economic growth for the Town Center by emphasizing tech-based business parks, office employment, live-work opportunities, and higher-density housing to create “critical urban mass” needed for a full-service City.

### **Housing**

Based on an analysis of existing vacant and partially vacant lots within the Town Center, there are a total of 25 developable sites totaling 17.3 acres of developable land. Of these, 18 sites totaling 10.9 acres are fully vacant. The remaining seven sites, or 6.4 acres, are partially vacant and could accommodate further subdivision or infill development. Available lands are summarized in Table 3 by their zoning designation.



**Table 3. Estimated Developable Lands for Housing in the Cornelius Town Center.**

Source: Metro RLIS data and satellite imagery.

Zone Type	Total Developable		Vacant		Partially Vacant	
	Sites	Acreage	Sites	Acreage	Sites	Acreage
All Available Residential Lands	25	17.3	18	10.9	7	6.4
<i>Multi-Family</i>	9	8.3	6	3.6	3	4.7
<i>Highway Commercial</i>	5	3.3	5	3.3	-	-
<i>Main Street General Employment</i>	4	1.9	3	1.4	1	0.5
<i>Main Street Mixed Use</i>	4	3.3	2	2.2	2	1.1
<i>Main Street Retail Commercial</i>	2	0.4	2	0.4	1	0.1

While all of the sites listed in Table 3 can accommodate housing, only the Multi-Family, Main Street Mixed Use, Main Street General Employment and Main Street Retail Commercial zones have land that is likely to be developed with housing, either fully or in part. Sites in other zones have regulatory barriers that make the development of housing more challenging.

### ***Urban Development Patterns and Design Conditions***

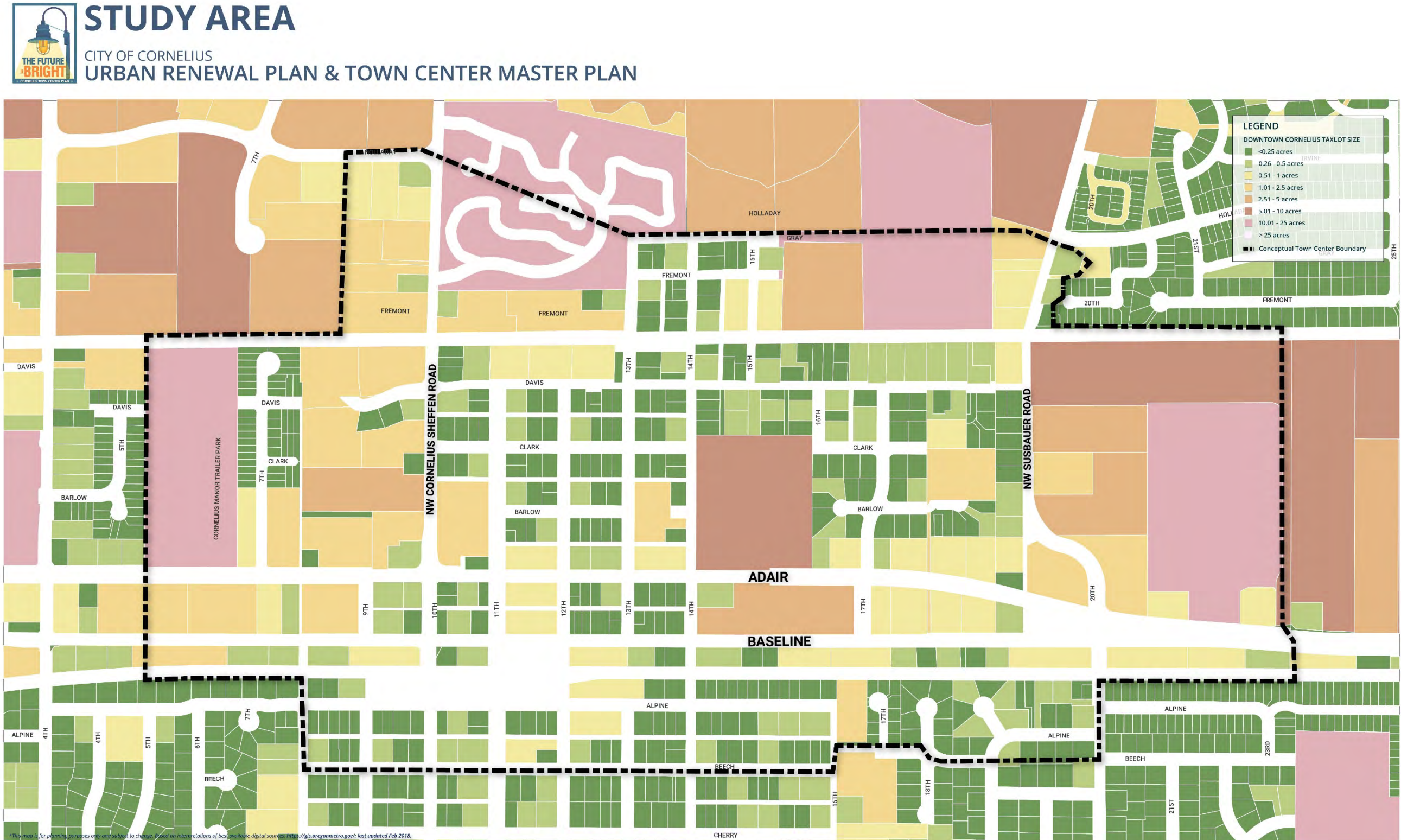
#### ***Development Patterns***

The tax lot size and resulting block size varies greatly within the Town Center. Figure 5 illustrates a higher concentration of smaller lots and more walkable blocks toward the center of the Town Center, and larger lots and blocks towards the east and west ends. This variation in size and scale contributes to the pedestrian experience and perceptions around walkability throughout the Town Center.

The pattern of parcel size distribution also is an indicator for the existing and historic scale, origin, and era of development, which can inform redevelopment opportunities, especially related to the potential difference in stakeholder and ownership types associated with parcel size. For example, small parcels require collective decision-making among many stakeholders with limited individual leverage. Large parcels require deal-making with one or a few individual land owners that may have a lot of leverage.



Figure 5. Taxlot Size Analysis in the Cornelius Town Center.



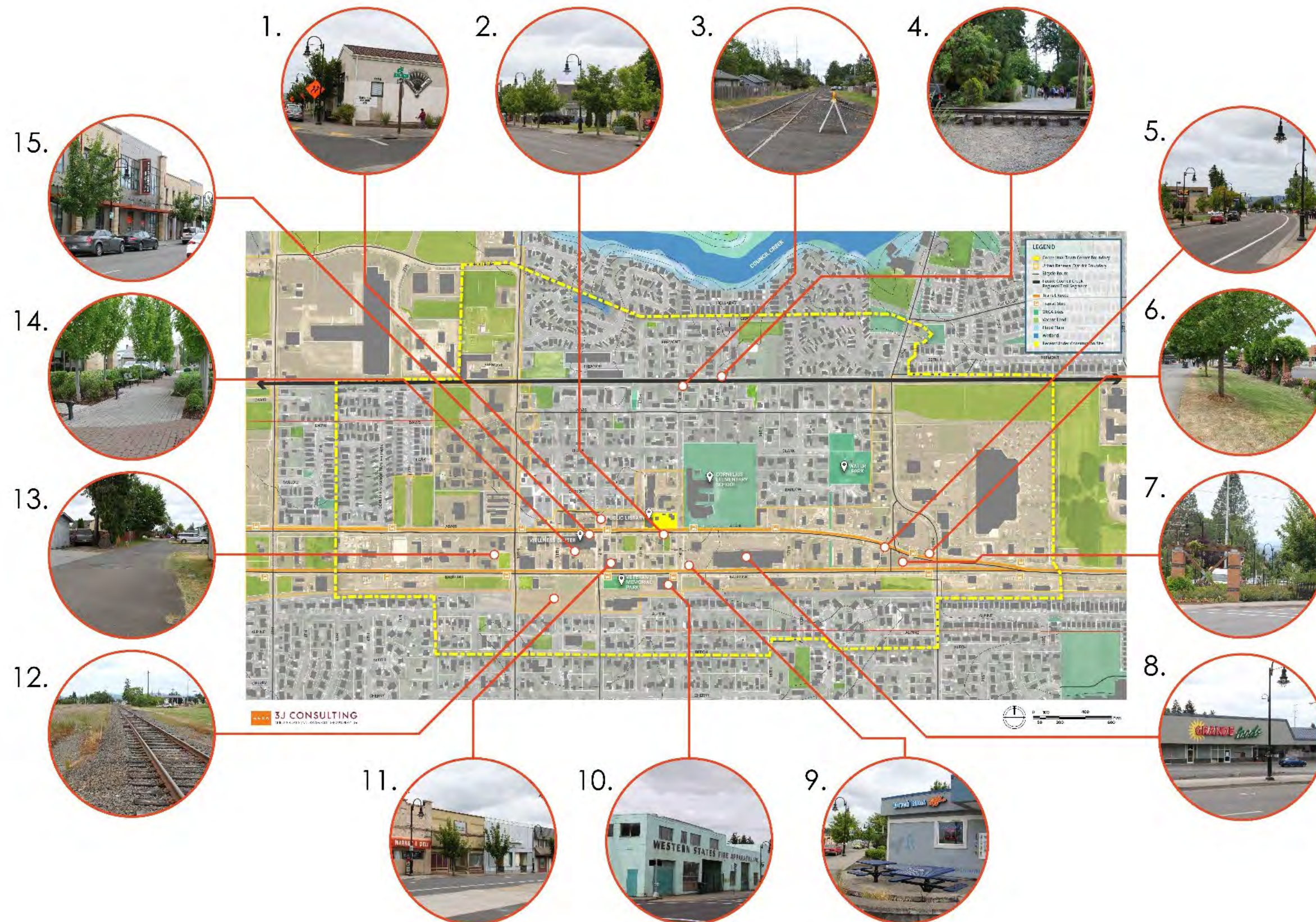
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## **Urban Design**

Figure 6 on the following page illustrates various urban design conditions present in the Town Center. The numbers on the list below correspond to the photographs in the figure and provide the context for each photograph.

1. Centro Cultural serves as a social hub for the residents of Cornelius, particularly the Latino community, where they can access programming for the arts, wellness, and civic engagement.
2. While the lands adjacent to N Adair and Baseline Streets are Mixed Use Retail and General Employment, some of the businesses here operate through modified single-family houses.
3. The railroad crossing at 14<sup>th</sup> Street is one of three crossings in the Town Center for the abandoned rail line to the north. This rail line is slated to become a segment of the future Council Creek Regional Trail.
4. Many pedestrians reportedly cross tracks at intersections with informal walking paths.
5. N Adair and Baseline Streets feature wide sidewalks with planters for trees and iconic Cornelius streetlight fixtures.
6. The Walgreens at the intersection of 20<sup>th</sup> and N Adair Streets uses a wide landscaping buffer to separate the parking lot from the sidewalk.
7. The landscaped stormwater retention facility at the split of N Adair and Baseline Streets serves a secondary function as a gateway leading to the Town Center.
8. Grande Foods has been identified as a special opportunity area. It is a large developed site in the heart of the Town Center. The original grocery store was not able to compete with the nearby Walmart and Fred Meyer. Now, the building is home to several smaller businesses.
9. While Dutch Bros Coffee typically operates as a drive-through business, a small plaza and public seating area enhances the pedestrian atmosphere at a key intersection.
10. The Western States Fire Apparatus Inc. building is a key site with historic elements that may warrant preservation. The building has unique architectural features and the site has ample parking, is near a transit line, and overlooks the adjacent Veteran's Memorial Park.
11. Storefronts along Baseline Street display many elements that are conducive to active street frontage but are currently in a dilapidated or unimproved state.
12. The southern railroad track in the Town Center is still in use and acts as both a reference landmark for Cornelius residents and a north-south barrier for all transportation modes.
13. The alley between N Adair and Baseline Streets has several sections that are unimproved.
14. Other sections of the alley – such as this one located behind the Virginia Garcia Health Center – have been improved with pavers, landscaping and furnishings that create a welcome pedestrian environment.
15. Storefronts along N Adair Street are scaled to pedestrian activity through building design, sidewalk setback, landscaping and awnings.

Figure 6. Urban Design Conditions in the Cornelius Town Center.



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## ***Infrastructure and Public Facilities***

A review of infrastructure and public facilities conditions indicates adequate capacity for Town Center redevelopment. The following is a summary of conditions of specific infrastructure and facility types:

### ***Sanitary Sewer***

The Town Center is serviced by gravity sanitary sewer mains that run with in the existing street network. Pipe sizes range from 6-inches to 12-inches. Sewer is conveyed south of the Town Center that connect to pump stations that eventually connect to the Clean Water Services (CWS) treatment plants in Forest Grove and Hillsboro.

### ***Water Supply***

The current Water System Master Plan was adopted in January 2017. The master plan indicates that the system services approximately 12,000 people with approximately 3,060 customer accounts. Currently the City purchases all their treated water from the City of Hillsboro and has plans to supplement from the ASR well in the future. The City has three master meter connections to the 72-inch Water Transmission Main, two of which fall within the Study Area.

Water infrastructure in the Town Center consists of the 72-inch transmission line, mainly running east west along Tualatin Valley Highway. Distribution lines varying in sizes from 2-inch up to 12-inches in size services the existing Town Center. In addition, there is a 1.5 MG Reservoir and lift station located just south of N Davis Street, along the east end of N. Clark Street.

### ***Stormwater***

The Town Center is serviced by catch basins and gravity storm sewer mains that run with in the existing street network. Pipe sizes range from 10-inches to 24-inches. Storm sewer is conveyed to the south of the Town Center, eventually discharging into the Tualatin River. City maps note two water quality facilities within the Town Center. There are eight separate drainage basins that contribute to the Town Center.

### ***Electrical power***

The Town Center is serviced by Portland General Electric (PGE) by either above ground or below ground power lines.

### ***Natural Gas***

The Town Center is serviced by Northwest Natural Gas (NWNNG) with underground distribution mains.

### ***Other Facilities***

Cornelius City Hall is the primary hub for government services including police, fire, library services, and other municipal entities, and is located in the Town Center across from Cornelius Elementary



School. A new three-story library, YMCA Recreation Center, and senior apartment building is currently under construction just south of the existing library and City Hall. Other community service facilities in the Town Center include Centro Cultural, a community center serving Latino families in Washington County, as well as the Virginia Garcia Memorial Health Center and Dental Clinic.

There are two City parks within the study area: Veteran's Memorial Park and Water Park. The former is located just south of W Baseline Street between 12th and 13th Avenues and is a compact park featuring walking paths and a memorial in the center with benches and flag pole. Water Park is located north of N Adair Street between 18th and 19th Avenues and is named after a large holding tank located on the northeast corner of the park. It features large grassy fields, a shaded picnic area, an off-leash dog park area, and a playground.



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### **III. ZONING CODE ANALYSIS**

#### **Overview**

The Town Center is characterized by a patchwork of zoning districts, with areas of diverse residential, commercial and industrial zoning clustered around the Main Street area, designated with four Main Street zones. A portion of every zoning district in the city is included within the boundary, requiring careful understanding of the full scope of the zoning code to understand the diverse regulations and options within the Town Center. As noted in the Market Analysis in Section V, these multiple ordinances are difficult to navigate and there is concern that they may result in higher costs to pursue new development. A consolidated and easily applied zoning code will better support future development in the Town Center and enhance development prospects.

#### **Main Street Zones**

The geographic and activity center of the Town Center is the Main Street District, which consists of four Main Street zones and a design overlay. (CMC Chapter 18.60.)

The Main Street Retail Commercial (MSR) anchors the western half of the Adair/Baseline couplet between 10<sup>th</sup> and 14<sup>th</sup> Avenues, while the Main Street General Employment (MSG) extends along the eastern half of the couplet from 14<sup>th</sup> to 20<sup>th</sup> Avenues. The Main Street Civic (MSC) zone has been applied to a small node at N Adair Street and 14<sup>th</sup> Avenue including Cornelius Elementary School and the Public Library, and another node around 12<sup>th</sup> and Baseline including railroad-owned properties and Veteran's Memorial Park. The fourth Main Street zone, Main Street Mixed Use (MSM), is found along 10<sup>th</sup> and 20<sup>th</sup> Avenues extending north from N Adair Street, adjacent to residential zones.

#### **Uses**

The Main Street zones focus on a mix of retail, service, office and residential uses, with the exception of the MSC district.

- The MSR zone is primarily intended as a commercial retail zone, supporting a mix of retail, service, entertainment, and office uses, with residential uses permitted but not required on upper stories. Notable conditional uses include first-floor residential and government and public uses. Auto-oriented business such as restaurants with drive-throughs and vehicle servicing are prohibited. (CMC Chapter 18.65.)
- The MSM is specifically intended to be a mixed-use zone with retail, service, and office uses on the ground floor, with primarily residential and some office on the upper stories. (CMC Chapter 18.70.)
- The MSG differs from the MSR and MSM by allowing a limited range of auto-oriented and light industrial uses as conditional uses in addition to retail, service, and office. Multifamily residential, single-family dwellings that are accessory to commercial, and existing single-family residences are permitted uses as well. (CMC Chapter 18.75.)
- The MSC prioritizes civic uses, with government uses such as libraries, schools, parks, community centers and offices allowed as permitted uses along with incidental commercial uses accessory to such uses. Retail uses permitted in the MSR zone are allowed as a





conditional use. The only residential use permitted in the zone is existing single-family dwellings, as conditional uses. (CMC Chapter 18.80.)

### ***Dimensional and Design Standards***

There are similar dimensional standards across the four zones, including a maximum height limit of 40 feet unless otherwise approved, no minimum setbacks with maximum front setbacks to encourage building presence along the street, and 10% minimum site landscaping for all zones except the MSR zone. There is a varying degree of emphasis on building orientation and design along key streets and corners to create a consistent building presence and sense of enclosure, including provision of pedestrian-oriented features such as plazas and outdoor seating.

- The MSR zone has the strongest emphasis on orientation of buildings to primary streets, including N Adair and Baseline Streets as well as the midblock pedestrian-only alley running parallel between them, with standards for building transparency, minimum 80% building frontage with zero-foot front setbacks, and entrances. There are similar but slightly reduced standards for development along north-south blocks within the district.
- Development in the MSM zone should provide building orientation and presence along 10<sup>th</sup> and 19<sup>th</sup> Avenues, meeting a minimum of 50% building presence along the front lot lines.
- There are no requirements in the MSG zone for building presence along the front lot lines, with requirements only for building orientation and entrances facing the street.
- In the MSC zone, the minimum requirements along N Adair and Baseline Streets require a minimum 50% of the lot frontage to be occupied by buildings, with a maximum 10-foot setback.

The Main Street Design Overlay includes additional architectural design theme, common guidelines for form, and streetscape treatments to create a unified design treatment. It applies to the portion of the district bounded by 10<sup>th</sup> Avenue, N Adair Street, 14<sup>th</sup> Avenue, and Baseline Street including both sides of the streets, which encompasses all of the MSR zone as well as individual sites zoned MSG and MSC. The standards address architectural style, building orientation, materials and colors, tripartite building design, signage, and open spaces in relatively general terms to implement the desired “early 20<sup>th</sup> century country town” design vision for the district.

### ***Procedures***

Site design review is required for development in all zones, typically Type III for new development and Type II for significant modifications to existing development.

### ***Residential Zones***

There are three residential zones within the Town Center, each with distinct characteristics. The Multi-Family (A-2) zone occupies the largest portion of the Town Center, generally running along the south edge of the Town Center along and around Alpine Street, and in the northern portion of the Town Center along Davis and Fremont Streets. There is a pocket zoned for Single-Family (R-7) north of the highway, roughly bounded by N Davis Street, 20<sup>th</sup> Avenue, N Barlow Street, and 10<sup>th</sup> Avenue. The Manufactured Home Park (MHP) zone applies to the northwest corner of the Town Center,



encompassing the Cornelius Manor Trailer Park, and portions of the area north of the inactive rail line, which is planned for the future Council Creek Regional Trail alignment.

### **Uses**

The primary uses in the residential zones are true to their individual purposes: single-family detached uses in the R-7 Single-Family zone, multifamily and other higher density uses in the A-2 Multi-Family zone, and manufactured homes in mobile home parks in the MHP Manufactured Home Park zone.

- Permitted residential uses in the R-7 zone are limited to single-family detached residential on lots averaging 7,000 SF, accessory dwelling units (ADUs), and home occupations, with duplexes, single-family attached and Planned Unit Developments (PUDs) incorporating residential and limited neighborhood commercial are permitted as conditional uses. (CMC Chapter 18.20.)
- Significant permitted uses in the A-2 zone include attached dwellings, multifamily residential, and boarding houses at 8 to 14 units per net acre. In the A-2 zone, both site-build and manufactured single-family detached homes are only permitted as conditional uses. (CMC Chapter 18.30.)
- The MHP zone allows manufactured home parks as a permitted use at up to 10 units per gross acre, consistent its purpose to support development of new and modification of existing manufactured home parks including replacement of individual dwellings within existing parks. Single-family and multifamily residential uses are prohibited. (OCMC Chapter 18.35.)

The R-7 and A-2 residential zones permit a variety of public and institutional uses as conditional uses, including parks and playgrounds, community centers, fire stations, libraries, churches, schools, and utilities; the MHP zone allows a more limited range of recreational uses such as parks and playgrounds, community centers, libraries, and similar as permitted uses.

### **Dimensional and Design Standards**

Key provisions across the residential zones include:

- Density limits: The allowed density range in the R-7 zone is 4-5 units per net acre, with no lots less than 6,000 SF and averaging around 7,000 SF. The maximum density for manufactured home parks in the MHP zone is 10 units per gross acre. The A-2 zone permits a maximum average density of 14 units per net acre, with a minimum of eight units per net acre for single-family uses and 11 units per net acre for multifamily uses.
- Dimensional standards: The maximum height in all residential zones is 35 feet. Setbacks are generally 5-10 feet, with some increased setbacks around the perimeter of a larger development such as a PUD or a multi-story multifamily development.
- Building design: There are no architectural design standards for new residential development. There are standards for individual manufactured homes in the R-7 zone for compatibility, addressing clear and objective standards such as minimum size, roof pitch and building materials.
- Site design and functionality: There are standards related to required site components for



the A-2 and MHP zones, including requirements for minimum 200-300 SF of common open space per dwelling unit, perimeter landscaping strips up to 25-50 ft wide, landscaping, vehicular access and circulation, lighting and screening of refuse areas.

- Parking: One off-street parking space per unit is required for nearly all residential uses, though it can be waived for some ADUs, and is higher for some multifamily uses, dependent on number of bedrooms in each unit. Off-street parking can be reduced for multifamily developments in proximity to and with accommodation for transit stops.

### ***Procedures***

Single-family detached and attached, duplexes, and ADUs are subject to Type I site design review and most other new development triggers a Type III site design review.

### ***Commercial and Industrial Zones***

There are two commercial and one industrial zone within the Town Center. The Core Commercial-Employment (CE) zone applies to the Fred Meyer shopping complex on the eastern edge of the Town Center on the north side of the highway. The Highway Commercial (C-2) zone applies along the highway on both the eastern and western edges of the district, most significantly along the western edge between 7<sup>th</sup> and 10<sup>th</sup> Streets. There are areas with General Industrial (M-1) zoning on the periphery of the Town Center, including in the northwest portion along 10<sup>th</sup> Avenue south of Holladay Street, and a single parcel in the southwest corner.

### ***Uses***

- Permitted uses in the C-2 zone include retail, service, office, restaurants, vehicle-related uses, and commercial lodging, consistent with the district's purpose to provide such uses to primarily auto-oriented users. Significant conditional uses include marijuana uses, warehouses and outdoor storage, government or institutional uses, fueling stations, and churches. Residential uses are limited in the C-2 zone: single-family detached is permitted only accessory to commercial use, while multifamily residential and PUDs are only allowed as conditional uses. (CMC Chapter 18.45.)
- The M-1 General Industrial zone allows a variety of industrial uses including manufacturing, processing, and storage of primary materials. Other significant permitted uses auto and heavy equipment uses, and research and development. Office uses and retail sales are limited, and generally only permitted as an accessory to a primary manufacturing use; any retail component requires conditional use approval. Conditional uses include commercial and industrial parks, conditional commercial uses, outdoor storage, marijuana production and processing facilities, and non-industrial uses such as cellular towers and wind generation. (CMC Chapter 18.55.)
- The CE Core Employment zone generally permits all uses in both the C-2 and LI Light Industrial zone, except that residential uses are not permitted, consistent with the district's purpose to provide a mix of goods, services and employment opportunities. The underlying intent is to cluster complementary and supportive uses, with specific standards to encourage such clustering. (CMC Chapter 18.50.)



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### ***Dimensional and Design Standards***

Key provisions for the commercial and industrial zones are similar and include:

- **Dimensional standards:** The maximum height in the commercial and industrial zones is 35 feet, unless approved as a conditional use. Front setbacks are generally 20 feet, with no side or rear setbacks except that 15-25 feet is required adjacent to public streets or residential properties. There are not minimum lot requirements.
- **Design:** There are no architectural design standards. There are standards related to required site design components, including landscaping along the front setback, vehicular access and circulation, lighting and screening of refuse areas. Off-street parking is required at typical ratios for commercial and industrial uses, with some requirements to mitigate parking impacts such as interior and perimeter landscaping but no requirements to locate parking to side or rear of sites. Commercial developments located in proximity to and that provide accommodation for transit stops qualify for off-street parking reductions.
- **Performance:** Industrial and commercial uses are subject to typical performance standards to minimize environmental impacts, such as heat, light, odor and vibration.

Provisions for the CE zone are more holistic and are intended to support coordinated development within the district that incorporates a mix of uses and is transit oriented and pedestrian friendly. The standards include a mix of general policies to support complementary, coordinated development across the district, and specific requirements such as building entrance maximum spacing standards. Many of the design standards are discretionary and aspirational, and presumably interpreted through the site design review process.

### ***Procedures***

Site design review is required for development in all zones, typically Type III for new development and Type II for modifications to existing development.



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## **IV. TRANSPORTATION SYSTEM ANALYSIS**

The condition of the existing transportation system was evaluated based on information presented in the 2018 Cornelius Transportation System Plan<sup>1</sup> and a field visit conducted in May 2018.

### ***Walking Conditions***

Walking plays a vital role in the Town Center transportation network. Sidewalks serve as the basic facility for pedestrians, although some walking trips are served with paths and marked pedestrian crossings. Existing pedestrian facilities are shown in Figure 7. In general, most arterial and collector streets in the Town Center have sidewalks on at least one side of the street. Sidewalks on Baseline and N Adair Streets between 10<sup>th</sup> and 20<sup>th</sup> Avenues and the connecting avenues are at least eight feet wide. Sidewalks in the rest of the Town Center are typically four to five feet wide. Sidewalk improvements on N 10<sup>th</sup> Avenue, funded by MSTIP, will increase sidewalk widths to 8 feet on both sides.

There are several paths within the Town Center providing connections where pedestrians want to travel but roadways are not present. Many of the paths are not improved but rather created by high use. Key paths include:

- Paved path connecting Baseline and N Adair Streets south of N 19<sup>th</sup> Avenue, adjacent to the public water quality facility
- Paved Virginia Garcia Health Center path between Baseline and N Adair Streets connecting N 11<sup>th</sup> Avenue and N 12<sup>th</sup> Avenue
- Dirt path connecting Water Park and N 19<sup>th</sup> Avenue
- Dirt path connecting S 16<sup>th</sup> and 17<sup>th</sup> Avenue within unimproved Alpine Street right-of-way
- Dirt path between Fred Meyer N 19<sup>th</sup> Avenue access road and Council Creek neighborhood to north
- Dirt paths at N 13<sup>th</sup> Avenue and N 15<sup>th</sup> Avenue across the railroad tracks (unauthorized)
- Asphalt trail on north side of railroad tracks connecting Council Creek neighborhood with N 19<sup>th</sup> Ave

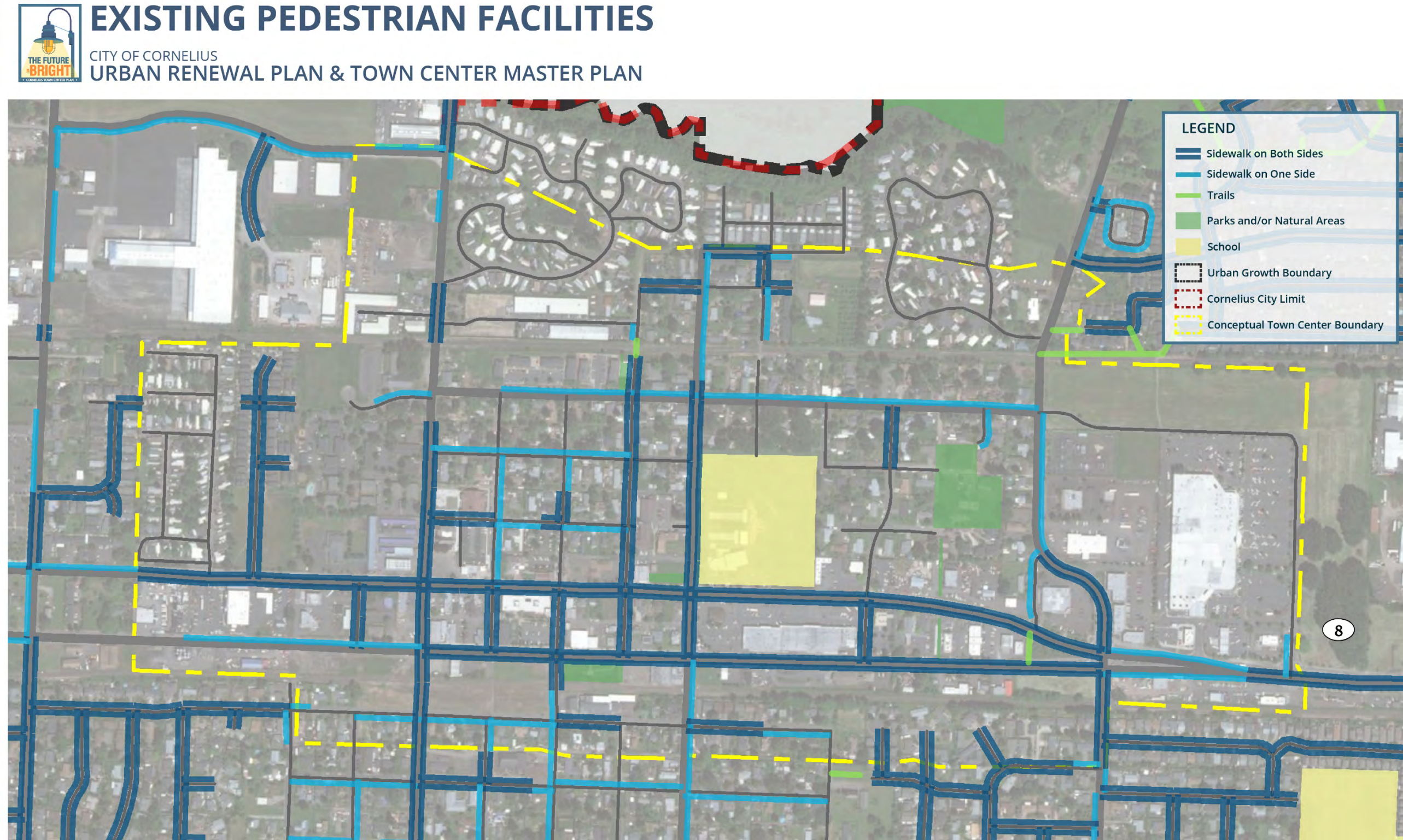
Marked and signalized pedestrian crosswalks in the Town Center are provided at traffic signals on Baseline Street and N Adair Street at 10<sup>th</sup> and 14<sup>th</sup> Avenues and on Baseline Street at 20<sup>th</sup> Avenue and Fred Meyer access road. These traffic signals provide crossing locations for pedestrians traveling between the north and south portions of Cornelius. The traffic signals improve pedestrian access to the library, schools, Walmart, Fred Meyer and downtown businesses. Crosswalk pavement markings (no signs) are provided at the 14<sup>th</sup> Avenue/Barlow Street intersection to serve the Cornelius Elementary School main entrance.

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<sup>1</sup> Cornelius Transportation System Plan, DKS Associates, adopted February 2018.



Figure 7. Existing Pedestrian Facilities in the Cornelius Town Center.



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### ***Walking Needs***

Continuous sidewalk connections between all activity generators and arterial and collector streets are desirable to allow for safe and attractive non-motorized travel options. Priority sidewalk needs include:

- Gaps on south side of Baseline Street west of 10<sup>th</sup> Avenue
- Gaps on west side of N 19<sup>th</sup> Avenue
- Gaps on west side of S 14<sup>th</sup> Avenue
- Gaps on south side of N Davis Street between N 10<sup>th</sup> Avenue and N 19<sup>th</sup> Avenue
- Gaps on both sides of N 10<sup>th</sup> Avenue near N Davis Street
- Gaps on west side of N 11<sup>th</sup> Avenue north of N Adair Street near Centro Cultural
- Gaps on both sides of 17<sup>th</sup> Avenue north of N Adair Street

Improvements to substandard paths are needed to encourage walking trips. The existing demand to cross the railroad tracks at N 13<sup>th</sup> Avenue and N 15<sup>th</sup> Avenue could be accommodated with signage and pavement marking improvements similar to the S 12<sup>th</sup> Avenue railroad track-pedestrian crossing. Approval from the ODOT Rail Division would be required for any crossing improvements at these locations

Crossing enhancements on Baseline and N Adair Streets at 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> Avenues may be warranted to increase driver awareness and pedestrian visibility. Enhancement could include signals, beacons, signing and pavement markings.

### ***Biking Conditions***

The bicycle system provides a non-motorized travel option for trips that are longer than a comfortable walking distance. A well-developed bicycle system promotes a healthy and active lifestyle for its residents and promotes activity for its visitors. Existing biking facilities are shown in Figure 8.

Bike lanes are provided on Baseline and N Adair Streets within the Town Center. There are several Metro-designated bike friendly routes in the Town Center, also known as shared routes, which are low volume and low speed routes preferred for cyclist use. These shared routes include N Davis Street, S 12<sup>th</sup> Avenue and S 20<sup>th</sup> Avenue south of S Alpine Street.

Bicycle parking provides essential end-of-trip facilities. A lack of safe and secure facilities for either short-term or long-term parking can be an obstacle to promoting bicycle riding. Bike racks are provided at upgraded bus stops on Baseline Street at N 12<sup>th</sup> and N 14<sup>th</sup> Avenues.

### ***Biking Needs***

There are several priority locations in the Town Center where bike lanes are needed on arterial facilities:

- N 19<sup>th</sup> Avenue north of N Adair Street
- N and S 10<sup>th</sup> Avenue

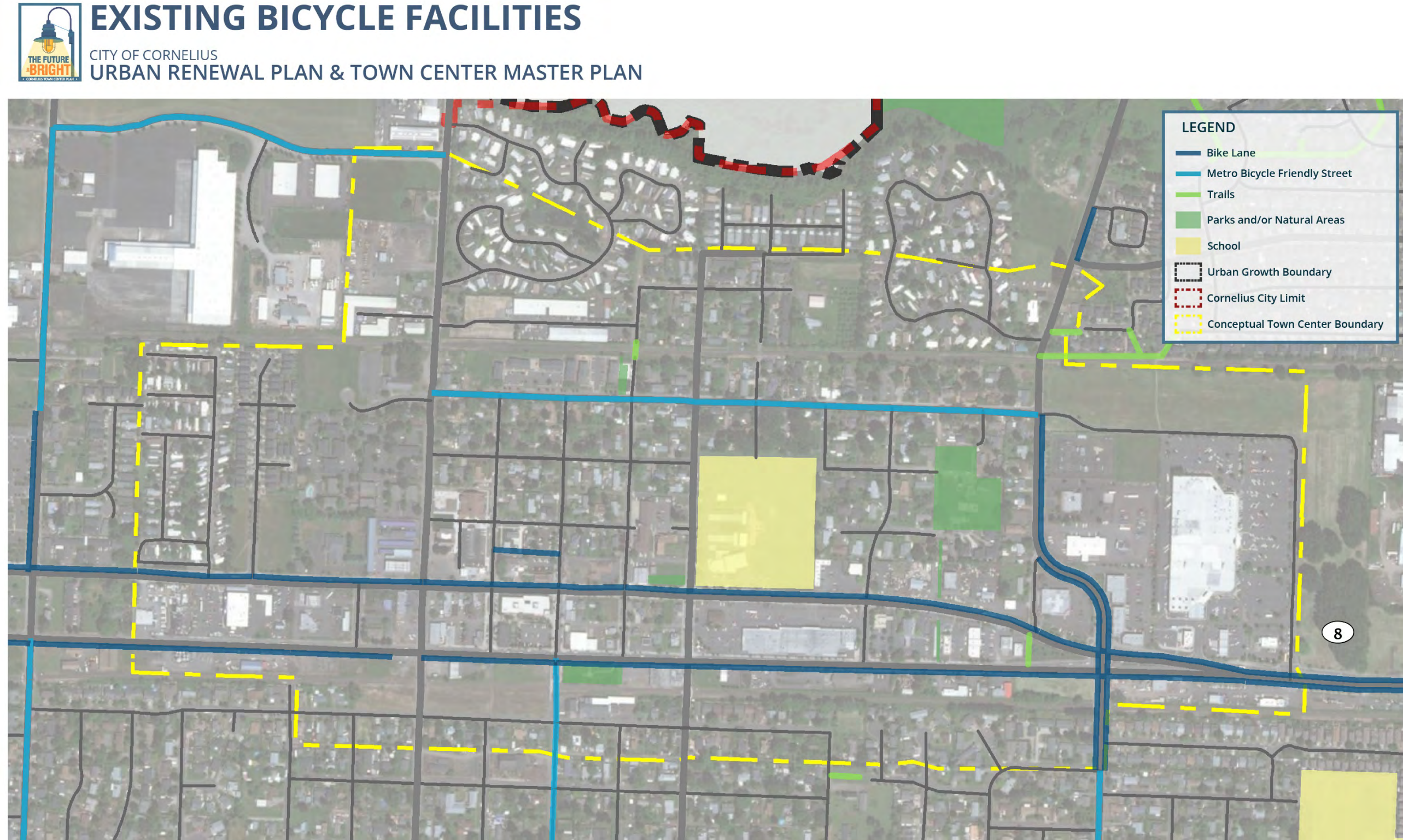


Shared bicycle roadways in the Town Center should be improved with signs and pavement markings that highlight a special route or provide directional information to key destinations in bicycle travel time or distance.

Provision of bicycle parking are needed in the Town Center to support and promote bicycling as a mode of transportation. Priority locations for bike parking include Cornelius Elementary School, Cornelius Public Library, parks and larger retail and office buildings.



Figure 8. Existing Bicycle Facilities in the Cornelius Town Center.



## ***Transit Conditions***

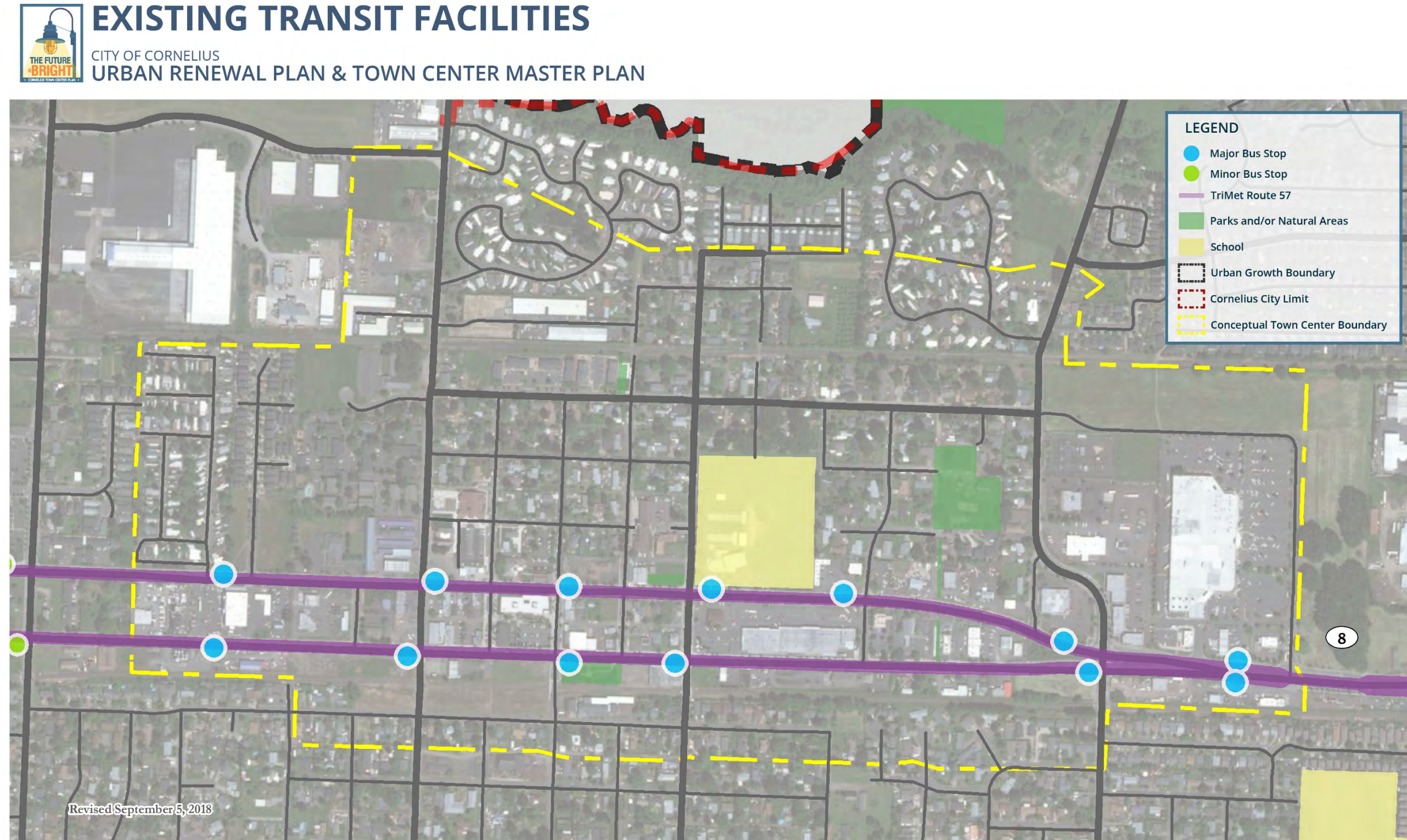
Public transit is critical to the Town Center's transportation system and is essential to the economic and social quality of life of the community. TriMet bus route 57 operates on Baseline and N Adair Streets, connecting to Forest Grove, Hillsboro, Aloha and the Beaverton Transit Center. Bus routes and stops are shown in Figure 9. The bus stops near Fred Meyer, Cornelius Public Library, Virginia Garcia Health Center and Centro Cultural are the highest transit trip generators.

## ***Transit Needs***

Transit service within the Town Center has several needs and recommendations to encourage potential riders.

- Bus stops on Baseline and N Adair Streets, west of 10<sup>th</sup> Avenue, lack sidewalk coverage, bus stop pads and crosswalk facilities
- High use bus stops near N 12<sup>th</sup> Avenue would benefit from marked pedestrian crossings on Baseline and N Adair Streets, (ODOT has included a flashing pedestrian crossing at 12<sup>th</sup> and Adair in the capital construction plan; likely constructed in 2019-20)
- TriMet bus shelters are needed at the Baseline Street/19<sup>th</sup> Avenue and Baseline Street/14<sup>th</sup> Avenue bus stops based on the average number of daily boardings

Figure 9. Existing Transit Facilities in the Cornelius Town Center.



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## **Driving Conditions**

Daily combined volumes on N Baseline and Adair Streets reach 31,000 vehicles west of 10<sup>th</sup> Avenue. Daily volumes on 10<sup>th</sup> and 19<sup>th</sup> Avenues are similar with about 4,700 vehicles north of N Adair Street.

N Adair Street and Baseline Street from 10<sup>th</sup> Avenue to 20<sup>th</sup> Avenue are designated by ODOT as a Special Transportation Area (STA). The primary objective of an STA is to provide access to and circulation amongst community activities, businesses and residences and to accommodate pedestrian, bicycle and transit movement along and across the highway. Local auto, pedestrian, bicycle and transit movements to the area are generally as important as the through movement of traffic. The Oregon Highway Plan<sup>2</sup> provides the following guidelines for planning and developing within a STA:

- Buildings are spaced close together and located adjacent to the street with little or no setback
- Sidewalks with ample width are located adjacent to the highway and the buildings
- People who arrive by car or transit find it convenient to walk from place to place within the area
- On-street parking, structured parking, or shared, general purpose parking lots are located behind or to the side of buildings
- Streets are designed with a pedestrian orientation for the ease of crossing by pedestrians
- Public road connections correspond to the existing city block pattern; private driveways directly accessing the highway are discouraged
- Adjacent land uses provide for compact, mixed-use development with buildings oriented to the street
- A well-developed parallel and interconnected street network facilitates local automobile, bicycle, transit and pedestrian circulation except where topography severely constrains the potential for street connections
- Speeds typically do not exceed 25 miles per hour
- Plans and provisions are made for infill and redevelopment
- Provisions are made for well-developed transit stops including van/bus stops, bicycle and pedestrian facilities, and including street amenities that support

The 2018 Cornelius Transportation System Plan found there are no existing traffic operation deficiencies during the morning and evening peak hours within the Town Center. No intersection capacity improvements are needed.

The existing street network within the Town Center is made up of a grid configuration for several blocks north and south of N Adair Street and Baseline Street. The remaining street network has several gaps in the street network that limit connectivity. The vacant property east of N 19<sup>th</sup> Avenue near Fred Meyer and west of N 10<sup>th</sup> Avenue are opportunities to expand the collector street network.

On-street parking supply is provided on most streets in the town center area. The highest usage of on-street parking was observed in the area bordered by N Adair Street, N Baseline Street, N 10<sup>th</sup>

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<sup>2</sup> Oregon Highway Plan, Oregon Department of Transportation, amended May 2015.



Avenue and N 13<sup>th</sup> Avenue and on N 12<sup>th</sup> Avenue between N Adair Street and N Barlow Street. In general, on-street parking supply is available on most blocks during most times of the day.

The N 10<sup>th</sup> Avenue corridor is currently under construction between the railroad crossing, south of Baseline Street, to Holladay Street. Improvements include one travel lane in each direction with an intermittent center turn lane, installation of bicycle facilities and eight-foot wide sidewalks on both sides of the street.

### ***Driving Needs***

There are several priority street extensions in the Town Center needed to improve connectivity for all modes:

- N Davis Street extended as a collector facility west of N 7<sup>th</sup> Avenue and east of N 19<sup>th</sup> Avenue
- Fred Meyer access road from Baseline Street reconstructed as a collector facility
- S 13<sup>th</sup> Avenue between S Alpine Street and S Beech Street



## V. MARKET ANALYSIS

There are many drivers within Cornelius that influence the demand for real estate in the Town Center. The following synthesizes demographic, economic, and real estate data, along with qualitative inputs from local stakeholders and real estate professionals familiar with the local market.

### **Demographic Summary**

Cornelius is a growing community that has a distinct demographic profile that varies from many of its Washington County neighbor communities. With a population of about 12,000 to 12,500 people<sup>3</sup>, Cornelius is one of the smaller cities in Washington County, but continues to grow at a steady rate. The city's population is over 50% Hispanic, a demographic group that typically has larger than average family sizes and more multigenerational households.

Cornelius' population has grown, on average, by 1.2 percent a year, from 2010 to 2017. Cornelius grew more, on average, than the state's annual average, which was 1.1 percent from the same time period, as shown in Table 4.

**Table 4. Population Change, Cornelius, Washington County, Oregon, 2000, 2010, and 2017**

Source: Portland State University, Population Research Center, 2000, 2010, and 2017.

Geography	2000	2010	2017	Change, 2000 - 2017		
				Number	Percent	AAGR
Cornelius	9,652	11,020	11,915	2,263	23%	1.2%
Washington County	445,342	532,620	595,860	150,518	34%	1.7%
Oregon	3,421,399	3,844,195	4,141,100	719,701	21%	1.1%

### **Age**

Cornelius has a distinctly young population and many households with children. This is unique, as many communities in Oregon are aging as the Baby Boomer generational wave continues to get older and put demographic pressures on their communities. Only 10 percent of the Cornelius population is over the age of 60 versus more than 20 percent at the state level.

According to ACS data presented in Figure 10, Cornelius is young. From 2012 to 2016, Cornelius had a higher percent of under 20-year-olds, (33 percent), and 20-to-39-year-olds, (30 percent), than Washington County and the state. The median age of the City's population is 29.6<sup>4</sup>.

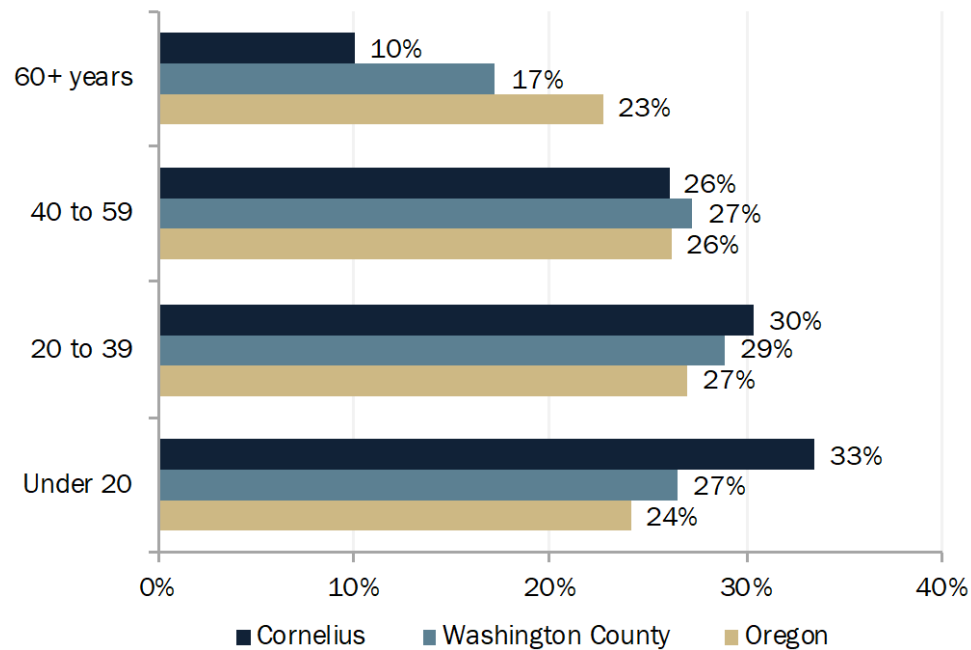
<sup>3</sup>The most recent population estimate from the U.S. Census lists 12,492 residents (2017). Other sources, such as the PSU Population Research Center, estimate a population closer to 12,000 persons.

<sup>4</sup> U.S. Census, 2012-2016 ACS



**Figure 10. Population by Age, Cornelius, Washington County, Oregon, 2012-2016**

Source: U.S. Census Bureau, American Community Survey, 5-year estimates, 2012-2016, Table B01001.

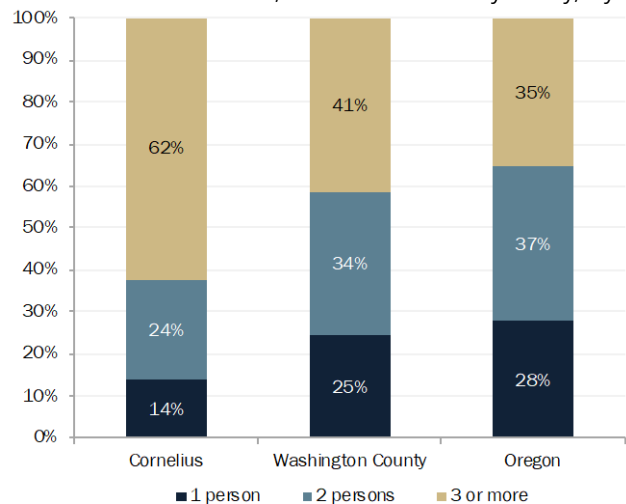


**Household**

Another unique demographic characteristic of Cornelius is the high number of households with three or more people. Cornelius’ share of households with three or more people was 62 percent from 2012 to 2016. This compares to 41 percent and 35 percent for Washington County, and Oregon, respectively, over the same period, as shown in Figure 11.

**Figure 11. Household Size, Cornelius, Washington County, Oregon, 2012-2016**

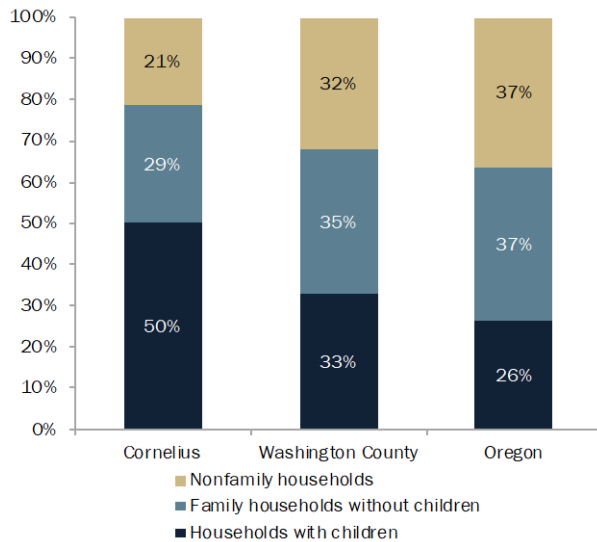
Source: U.S. Census Bureau, American Community Survey, 5-year estimates, 2012-2016, Table B25009.



Half of Cornelius' households are households with children as shown in Figure 12. This finding explains Cornelius' high share of three or more people per household in the exhibit above. Cornelius' households with children will have an impact on all aspects of the city. This group of households will have aligned preferences. Households with children may vote similarly regarding schools, parks, and public safety. This group of households may also support a similar subset of businesses, e.g., family-friendly restaurants.

**Figure 12. Household Composition, Cornelius, Washington County, Oregon, 2012-2016**

Source: U.S. Census Bureau, American Community Survey, 5-year estimates, 2012-2016, Table B25009.



### **Income**

Cornelius's household income profile also is unique. The city has fewer households in both the lowest income brackets, and the highest income brackets and many more households in the medium income brackets, than households across Washington County and the state. The recently completed Cornelius Economic Opportunities Analysis (EOA) painted a starker picture of the local population's income profile. The report showed that annual wages in Cornelius are less than half of those at the Portland MSA level, and average less than \$30,000 a year<sup>5</sup>.

Cornelius' median household income was \$58,420, in 2016 dollars, over the period of 2012 to 2016. This compares to Washington County's median household income of \$69,743, and Oregon's of \$53,270. Household Income distribution is shown in Figure 13. Almost one-third of Cornelius' households made between \$50,000 to \$74,000 between 2012 and 2016.

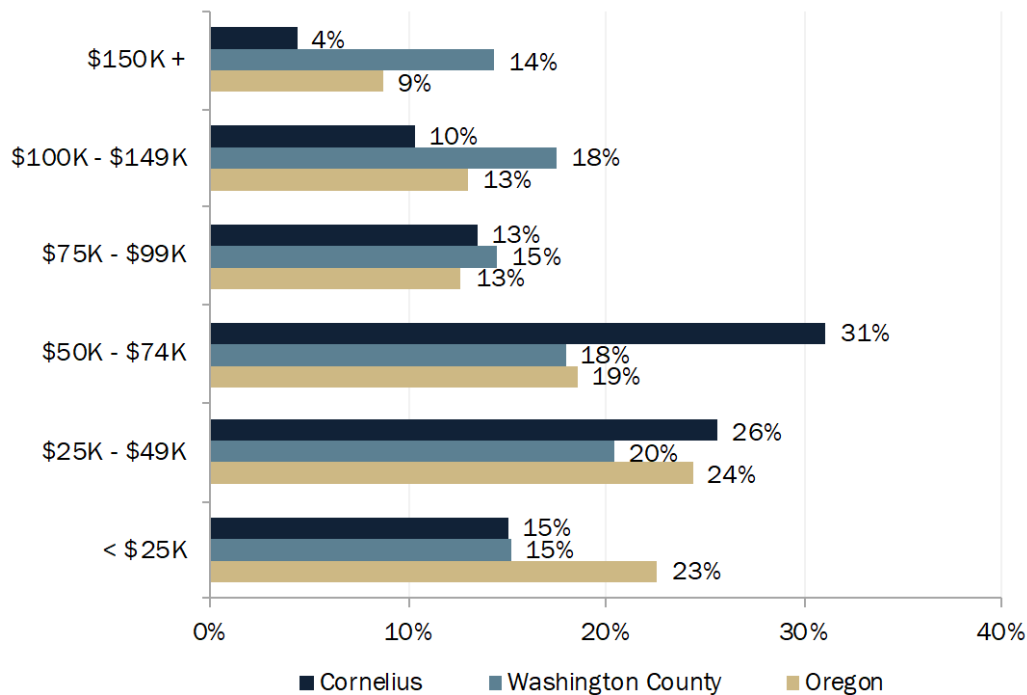
<sup>5</sup> PNW Economics, LLC (2017). City of Cornelius Economic Opportunity Analysis (EOA). Prepared for the City of Cornelius.





**Figure 13. Household Income, Cornelius, Washington County, Oregon, 2012-2016**

Source: U.S. Census Bureau, American Community Survey, 5-year estimates, 2012-2016, Table B19001.



**Commuting Patterns**

According to the US Census Bureau (Figure 14), Cornelius residents live and shop within the city but work primarily outside of the city. In 2015, 93.8% of workers living in Cornelius commuted outside of the city for work, and 87.7% of workers working in Cornelius lived outside of the city. Only 305 workers live and work within the city, representing just 12.3% of those employed locally.



**Figure 14. Cornelius Worker Commuting Patterns, 2015**

Source: U.S. Census Bureau, On the Map (2015 data), <https://onthemap.ces.census.gov/>



### **Real Estate Trends**

The two most dominant commercial real estate sectors in the Town Center are retail and multifamily residential. There is also a significant presence of single family homes, especially in the area to the north of Adair Street. Cornelius' citywide retail market is surprisingly robust for a community of 12,000 people. There are over 70 retail properties within the community representing more than 500,000 square feet of retail space. Included in this tally is a Wal-Mart Superstore and a full department store sized Fred Meyer. The community's location—between downtown Hillsboro to the east and the college town of Forest Grove to the west—gives Cornelius an easily accessible location for shoppers in the western reaches of the Portland metropolitan area. Studies have shown that retail in Cornelius, especially the Fred Meyer and Wal-Mart are popular afternoon commute locations for residents of Cornelius and Forest Grove<sup>6</sup>.

Data shows that retail rents in Cornelius have fluctuated widely in recent years. Rent trends show a downward trajectory until mid-2017 when rents rebounded to levels not seen since 2015. This volatility is likely an effect of a locally bifurcated retail market where many small businesses located in low-basis aging buildings pay lower rent levels, and national credit tenants in new buildings pay higher rent levels. Further a few tenants moving in and out of a market this size can dramatically shift overall rent figures.

<sup>6</sup> Johnson Economics. (2018). Market Analysis for Grocery Retail Space in Forest Grove, Oregon.



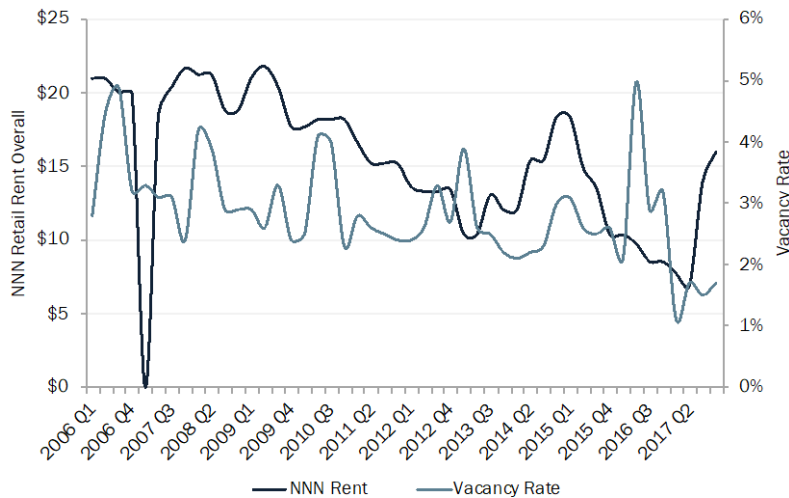
Perhaps the most striking aspect of the local retail market is its incredibly low vacancy rate. A “healthy” retail market—one where there is enough space to absorb new tenants, but not so high as to have an abundance of vacant or underutilized space—usually has a vacancy rate of between five and seven percent. Cornelius has consistently had a vacancy rate below these levels, and the rate currently sits at one percent<sup>7</sup>.

### **Retail**

Retail rents averaged \$16.03 per sf and vacancy dropped to 1.7 percent in the fourth quarter of 2017. Retail rents were as high as \$18.44 in the first quarter of 2015. Retail rates declined from quarter two of 2015 until quarter two of 2017. During that time, vacancy averaged 2.6 percent. As vacancy rates drop, rents climb. Vacancy rates were at or below 1.7 percent in all four quarters of 2017 as shown in Figure 15.

**Figure 15. Retail NNN Rent Overall and Retail Vacancy Rate, 2006 - 2017**

Source: CoStar.



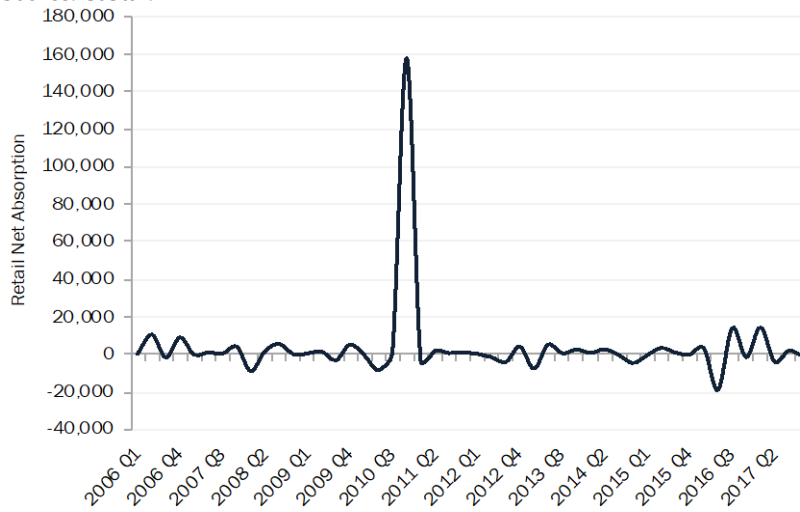
Retail absorption has been steady over the past decade with the exception of the third quarter of 2010 when the Super Wal-Mart moved into town. Net absorption averaged 2,576 square feet over the four quarters in 2017 (Figure 16). Net absorption is the total square feet occupied for, in this case, retail less the total space vacated. A negative number indicates more retail space was vacated than was leased in Cornelius, in a given period. In 2017, net absorption was 14,200 in quarter one, -4,200 in quarter two, 1,700 in quarter three, and -1,396 in quarter four.

<sup>7</sup> CoStar Data Analytics.



**Figure 16. Retail Net Absorption, 2006 - 2017**

Source: CoStar.



### **Multifamily**

Cornelius' residential multifamily market is primarily oriented to areas outside of the Town Center. Nevertheless, because of their density, multifamily developments will influence the viability of uses in the Town Center. Multifamily is an allowed use in the Town Center, although currently there are few multifamily projects located within the boundary.

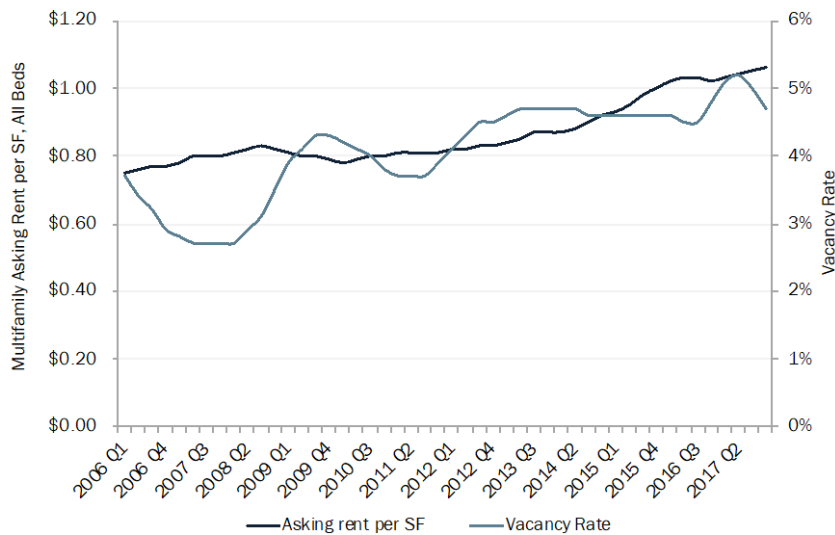
Average multifamily rents in Cornelius have been slowly increasing over the past decade. Recently, average rent levels surpassed \$1 per square foot, which is 48 percent lower than the Washington County average rent of \$1.48 per square foot. Multifamily vacancy rates have fluctuated over the same period, with recent vacancy rates hovering around 5 percent. According to CoStar, no new deliveries of multifamily units has occurred in the city since 2006, however two multifamily projects totaling 53 units are expected to come online by the Fall of 2019.

Multifamily rents per square foot averaged \$1.05 in 2017 as shown in Figure 17. Multifamily rents have increased slowly and steadily since 2006. Multifamily vacancy has also slowly and steadily risen. Vacancy averaged five percent in 2017.



**Figure 17. Multifamily Asking Rent per Square Foot, All Beds, 2006 - 2017**

Source: CoStar.



### Office

Cornelius office market is relatively small. There are a handful of office properties in Town Center. Generally, these properties include local oriented services, instead of company headquarters or other types of concentrated office employment. Office uses currently located in the Town Center include:

- Three dental clinics
- A veterinarian
- A tax services office
- An insurance office
- A health and wellness center



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## ***Future Development***

The following presents a summary of the desired types of development in the Town Center, barriers and challenges preventing development from moving forward, and key considerations for promoting near-term development.

### ***Desired Development Types***

The demographic profile of Cornelius shows a community of young families, many with modest incomes. The local economy has strengths in retail, health care and social services, and manufacturing. Most workers that live within the city commute to jobs elsewhere and the community has strong connections to the rural agricultural economy that surrounds the city.

Stakeholder interviews and other recent outreach efforts reveal that the community desires a more diverse array of businesses in its downtown. Stakeholders talk about an interest in more restaurants, cafes and other types of eateries. The city's connection to local farms is not apparent in the retail offerings of the Town Center. Some stakeholders talked about trying to better tie local agriculture to the local business offerings through a farmers' market or wine tasting room.

A recent grocery store analysis found that there is sufficient demand for a small-format grocery store in the Forest Grover/Cornelius trade area, although the study focused on potential development sites only in Forest Grove<sup>8</sup>.

The recently completed Economic Opportunities Analysis (EOA) estimates that the largest increases in employment within the city of Cornelius in the near-term are likely to be in the retail, manufacturing, and education and health services sectors<sup>9</sup>. Further, the EOA mentions small business entrepreneurship and dining, leisure, and hospitality as sectors with growth potential. While manufacturing may not be an appropriate use for a downtown, each of the other uses—especially dining, retail, and education and health services—are well-suited to locate in the Town Center.

In order to understand what types of real estate development *may be* feasible, it is important to assess the potential barriers (market, regulatory, physical) that are inhibiting new development.

### ***Barriers to Development in Cornelius***

Cornelius stakeholders identified issues, challenges and barriers to development for the Town Center. Although not exhaustive, the table below highlights several of the themes that arose.

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<sup>8</sup> Johnson Economics. (2018). Market Analysis for Grocery Retail Space in Forest Grove, Oregon.

<sup>9</sup> PNW Economics, LLC (2017). City of Cornelius Economic Opportunity Analysis (EOA). Prepared for the City of Cornelius.



### ***Barriers to Development in Cornelius***

- ***Real Estate Market Fundamentals*** – Cornelius is caught in a situation faced by many smaller cities with modest household incomes; there is a mismatch between the rents that many local businesses can afford to pay, and the levels needed to either sustain an existing property or incent the construction of a new commercial building. Overcoming this hurdle is not easily accomplished and usually requires multiple approaches as well as financial incentives for catalytic projects.
- ***Zoning Code*** –The City’s zoning ordinances are difficult to navigate and create issues (and real costs) with pursuing new development. The City appears to be aware of this issue, as several stakeholders applauded the “new guard” of City staff and elected officials that have found creative solutions to permitting new projects. Nevertheless, a clear, concise, and easily translated zoning code will enhance the prospects of successful new development in the Town Center.
- ***Lack of Existing Building Stock*** – Unlike some other cities of similar size in Washington County, Cornelius does not have a large concentration of existing buildings in its downtown. In other communities, these buildings play an important role in providing commercial space at affordable prices. Building new often requires much higher rent levels than those attainable in existing buildings. The most notable concentration of buildings in Cornelius is at the intersection of 12<sup>th</sup> Avenue and Baseline Street. These buildings—some with historic character if not status—provide an opportunity foster to small businesses and create a recognizable node in the Town Center.
- ***Water Rates*** – The City of Cornelius has a challenging water situation. Having gone on its own instead of joining a group that controls Western Washington County water, the City is forced to pay wholesale water rates to the City of Hillsboro. Stakeholders indicate that these water rates are already higher than other local areas and needed capital improvements and infrastructure could greatly increase these fees.
- ***Lack of Engagement and Coordination with Key Property Owners*** – Until recently, there was a lack of effective engagement with local property owners, and no forum for property owners and business owners to discuss common challenges. Starting with new leadership at the City and then with a recently formed Downtown Advisory Committee, the communication gap appears to be closing; business owners in particular have mentioned better engagement with the City. This barrier to development is an on-going process however and requires constant attention to respond to challenges and to take advantage of opportunities.

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***Considerations for Near-Term Development in the Cornelius Town Center***

The viability of new development or redevelopment is location, property, and business dependent. However, there are several overarching considerations that will influence any proposed development in the Town Center. A later phase of this project will identify targeted recommended actions and tactics to realize new development.

Cornelius has a vibrant economy of local businesses and entrepreneurs. There also are a few significant commercial properties that present opportunities for larger developments. Each of these groups face similar challenges but have different needs.

For smaller and emerging businesses, two primary real estate challenges include (1) finding any space to lease and (2) finding an affordable space to lease. A few property owners with existing buildings have mentioned a desire for new tenants, but do not have the capital for tenant improvements or building upkeep. One key consideration here how to appropriately align public resources with the needs of existing property owners and new business tenants.

For owners of larger properties, especially large vacant properties that have the potential to attract new sizable commercial businesses, the needs are different. The scale of these projects require sophisticated planning, coordination and financing. Public incentive programs or support, like a tax abatement program, or publicly funded off-site improvements are more in line with the needs of these development projects.

Both small and large development projects benefit from clear, consistent, and responsive engagement with the public sector. Development at all scales is a risky endeavor and done successfully, requires much forethought and planning. Having a consistent partner on the public side can make a significant difference in development viability.

***Key Considerations for Near-Term Development***

- ***Focus on Existing Small and Medium Sized Commercial Spaces*** – Identify small and medium sized commercial spaces appropriate for new and emerging small businesses. Consider how to support both the owners of these properties and the small business tenants.
- ***Continue to Build Partnerships with Property Owners and Businesses*** – Strong networks of property owners and business owners create strong downtowns. Continue to foster thoughtful conversations between Cornelius Town Center stakeholders to reinforce existing linkages and create new working relationships. Encourage development and sophistication of Downtown Advisory Group toward a Main Street or Downtown Business Association.
- ***Look for Ways to Support Large Property Owners*** – Identify “generational” development opportunities in the Town Center and consider the tools and programs that may be available to support their development.





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## ***Financial Capacity of Urban Renewal Area – Preliminary Analysis***

The following summarizes a preliminary analysis of the financial capacity of the potential Urban Renewal Area (URA) in Cornelius. The analysis builds on the *Draft Feasibility of an Urban Renewal District in Cornelius, Oregon* prepared for the City of Cornelius by PNW Economics, LLC and PR Land Use Strategies, LLC in June 2017.

### ***Defining Financial Capacity***

There are many ways to measure the financial capacity of the Cornelius URA. The amount of Tax Increment Finance (TIF) revenue generated by the URA can provide a general sense of capacity but is insufficient to understand the amount funding actually available for projects over the life of the URA. Typically, the majority of project funding comes from some form of indebtedness (bonds, loans, lines of credit, or other debt instruments), which allows capital projects to be built sooner, but obligates future TIF revenue for payments of principal and interest on those loans. Looking only at TIF revenue does not provide sufficient information to determine the portion of revenue that will be dedicated to paying interest on debt, as opposed to actual funding of projects.

A better measure of financial capacity is maximum indebtedness (i.e. funding available for projects over the life of the URA.) In other words, given assumptions of debt incurred and repayment schedules, how much money is available to spend on projects? However, maximum indebtedness is required by Oregon Revised Statutes to be stated in nominal (i.e. year-of-expenditure) dollars, which does not account for inflation, and therefore makes it difficult to determine the purchasing power of that available funding.

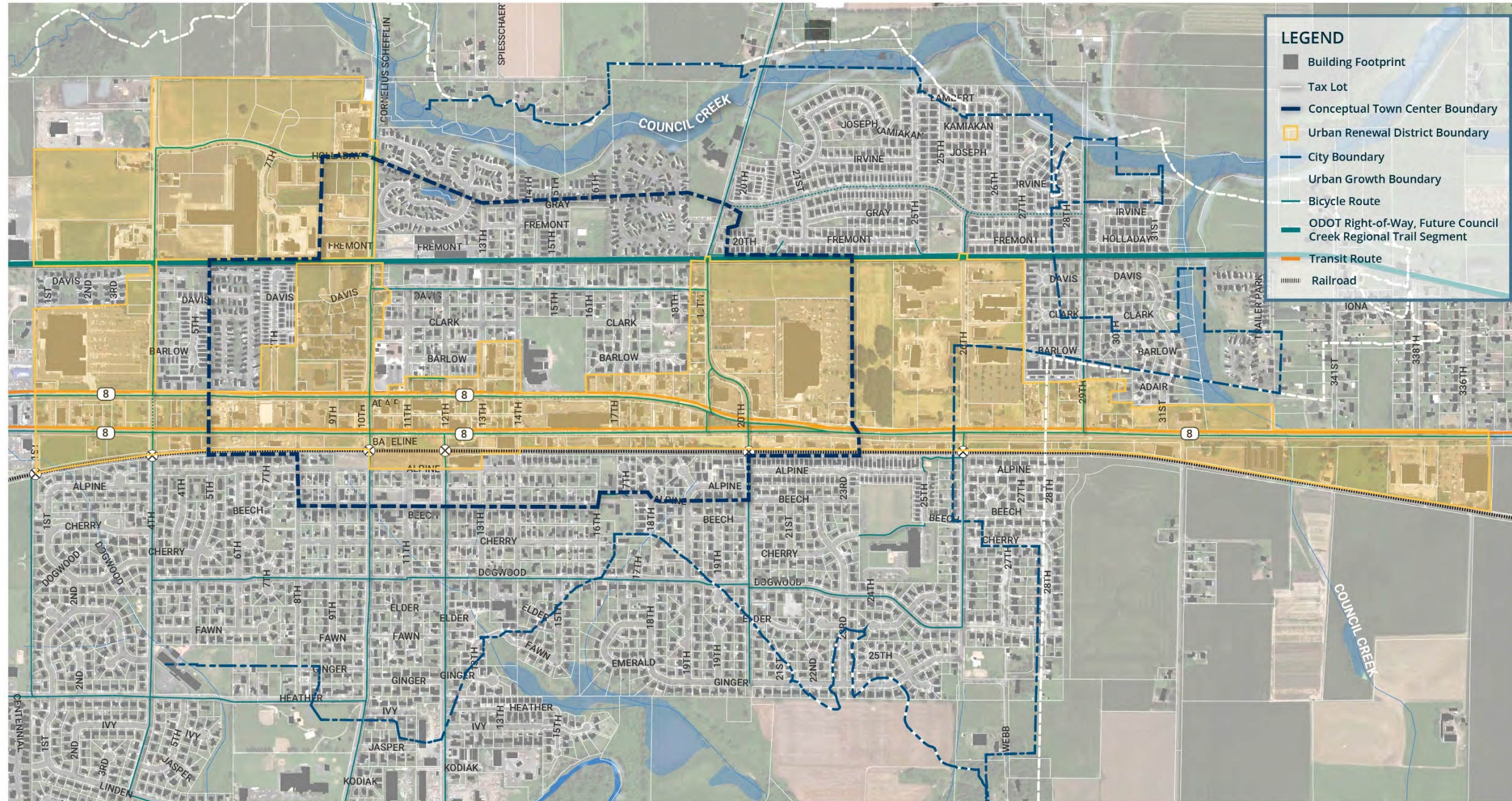
Thus, the best way to measure financial capacity of the proposed Cornelius URA is to adjust the maximum indebtedness for inflation and look at funding available for projects in constant 2018 dollars. Furthermore, the total financial capacity in the aggregate over the lifetime of the URA only tells part of the story. It also is important to understand when that funding will be available. This is particularly important because urban renewal areas tend to have relatively little funding available in the early years and far more funding available in later years. This analysis reports financial capacity (project funding available in 2018 dollars) in five-year increments, to better illustrate when projects could be funded.

Note that financial capacity over time can vary substantially, based on a range of financing assumptions. These include the amount of principal borrowed to fund URA projects, the type of debt incurred (bonds, bank loans, lines of credit, interfund loans or contract debt), the amortization period and the interest rate. Therefore, this analysis considers four scenarios, with varying magnitude and frequency of debt incurred, and varying timelines for the duration of the URA. Note that there are infinite versions of financing assumptions that could have been modeled based on the specific needs of the URA. Ultimately, the City will make decisions regarding indebtedness based on more concrete loan terms, with the intention to fund specific projects.



Figure 18. The Urban Renewal Area in the Cornelius Town Center.

**URBAN RENEWAL AREA**  
 CITY OF CORNELIUS  
 URBAN RENEWAL PLAN & TOWN CENTER MASTER PLAN



**LEGEND**

- Building Footprint
- Tax Lot
- Conceptual Town Center Boundary
- ▭ Urban Renewal District Boundary
- City Boundary
- Urban Growth Boundary
- Bicycle Route
- ODOT Right-of-Way, Future Council Creek Regional Trail Segment
- Transit Route
- Railroad

**Forecast Assumptions**

This analysis uses the modest growth scenario 20-year TIF forecast from the *Draft Feasibility of an Urban Renewal District in Cornelius, Oregon* report prepared for the City of Cornelius in June 2017. However, because 20-years is an abnormally short time period for urban renewal areas in Oregon and does not provide adequate time for most communities to incur and repay indebtedness sufficient to fund the desired list of urban renewal projects, the assumptions from the methodology described in the report were used to extend the TIF forecast an additional 15 years.<sup>10</sup>

**Results**

The financial capacity for the Cornelius URA is reported for four scenarios, which vary by length of URA (25-year or 35-year duration) and the minimum size requirement for debt incurred, which indicates the size of projects that could be funded with each round of debt:

- Scenario A: 25-year duration, \$2.5 million minimum principal borrowing
- Scenario B: 25-year duration, \$5 million minimum principal borrowing
- Scenario C: 35-year duration, \$5 million minimum principal borrowing
- Scenario D: 35-year duration, \$10 million minimum principal borrowing

Figure 18 shows the financial capacity of the Cornelius URA by scenario in five-year increments and Figures 19 and 20 illustrate the URA's cumulative financial capacity over time.

**Figure 18. Financial Capacity by Scenario, Cornelius URA**

Source: Tiberius Solutions with data from *Draft Feasibility of an Urban Renewal District in Cornelius, Oregon*, June 2017.

	Scenario A	Scenario B	Scenario C	Scenario D
Years 1-5	\$ 3,500,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Years 6-10	\$ 3,300,000	\$ 5,600,000	\$ 6,100,000	\$ 2,400,000
Years 11-15	\$ 3,300,000	\$ 2,100,000	\$ 2,000,000	\$ 9,700,000
Years 16-20	\$ 2,200,000	\$ 4,100,000	\$ 5,400,000	\$ 2,200,000
Years 21-25	\$ 3,500,000	\$ 3,200,000	\$ 5,200,000	\$ 3,300,000
Years 26-30	\$ -	\$ -	\$ 3,400,000	\$ 4,500,000
Years 31-35	\$ -	\$ -	\$ 5,100,000	\$ 5,800,000
<b>Total</b>	<b>\$ 15,900,000</b>	<b>\$ 16,000,000</b>	<b>\$ 28,200,000</b>	<b>\$ 28,900,000</b>

<sup>10</sup> The TIF revenue forecasted for the capacity analysis, using the same methodology as described in the *Draft Feasibility* report for the modest growth scenario, slightly differed from the annual TIF revenue reported in the report. The capacity analysis therefore used the *Draft Feasibility* revenue for years 1-20, and the updated forecast for years 21-35.



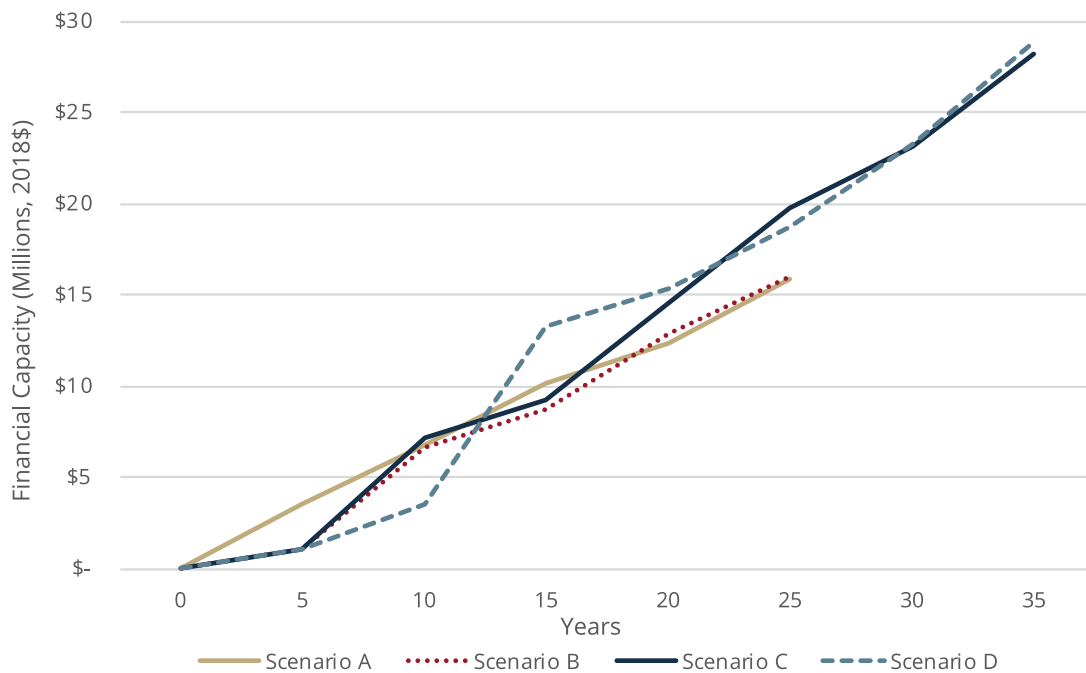
**Figure 19. Cumulative Financial Capacity by Scenario, Cornelius URA**

Source: Tiberius Solutions with data from *Draft Feasibility of an Urban Renewal District in Cornelius, Oregon*, June 2017.

	Scenario A	Scenario B	Scenario C	Scenario D
Years 1-5	\$ 3,500,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Years 6-10	\$ 6,800,000	\$ 6,700,000	\$ 7,100,000	\$ 3,500,000
Years 11-15	\$ 10,200,000	\$ 8,700,000	\$ 9,200,000	\$ 13,200,000
Years 16-20	\$ 12,400,000	\$ 12,900,000	\$ 14,600,000	\$ 15,400,000
Years 21-25	\$ 15,900,000	\$ 16,000,000	\$ 19,800,000	\$ 18,700,000
Years 26-30	\$ -	\$ -	\$ 23,100,000	\$ 23,200,000
Years 31-35	\$ -	\$ -	\$ 28,200,000	\$ 28,900,000

**Figure 20. Cumulative Financial Capacity by Scenario, Cornelius URA**

Source: Tiberius Solutions with data from *Draft Feasibility of an Urban Renewal District in Cornelius, Oregon*, June 2017.



**Conclusions**

If the proposed Cornelius URA had a lifespan of 25-years, it would have the capacity to fund \$15.9 to \$16.0 million of projects in constant 2018 dollars. If the proposed URA had a lifespan of 35 years, it would have the capacity to fund \$28.2 to \$28.9 million, depending on the specific financing assumptions. These results should set expectations for the community, regarding the total cost of projects the URA can realistically fund, and the duration of time the URA would need to exist to pay for those projects.



Additionally, it is important to note that in each of the scenarios evaluated, the amount of funding available in the first five years would be between \$1.1 and \$3.5 million. This shows that the URA would not have the capacity to invest in large-scale infrastructure projects early-on and would only be able to make modest investments in those early years.

## **VI. NEXT STEPS**

The draft Existing and Planned Conditions Report will be made available to the public and key findings will be presented to the Project Advisory Committee, Cornelius Planning Commission and other public workshops in Fall 2018. The Report will be used, along with a summary of community outreach efforts conducted throughout the summer of 2018, to identify opportunities and constraints for revitalizing the Cornelius Town Center. These opportunities and constraints will serve as the basis of preliminary Town Center design alternatives to achieve the Town Center vision.

