

DATE: June 30, 2023
TO: Carly Rice, City of Gresham
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SUBJECT: Pleasant Valley District Plan Update – Mid Project Summary for Planning Commission and City Council Meetings

Introduction

The 2004 Pleasant Valley Concept Plan and District Plan envisioned a complete community with a range of housing choices, transportation options, schools and parks, a Town Center, employment opportunities, and green development. This was an ambitious vision and, after 20 years, the area remains only partially developed, with many of the key ingredients of a complete community lagging. ECONorthwest is currently working with the City of Gresham to update the Pleasant Valley District Plan to better align with current market conditions and the priorities of a diverse range of local stakeholders, and to address development barriers and challenges with infrastructure delivery. The update retains a focus on delivering a complete, inclusive, and sustainable community, but will revisit what that means in Pleasant Valley’s context and identify new ways to achieve this vision.

ECONorthwest, along with consultant team members 3J Consulting, MIG|APG, and Veritas, has taken multi-faceted approach to understanding today’s opportunities and barriers to achieving the vision for the area. The work completed to date includes:

- A **Market Analysis** to analyze real estate market conditions, demand factors, and development challenges for the Plan District.
- An **Infrastructure study** to summarize the status of infrastructure development within Pleasant Valley, remaining gaps and needs, successes and challenges with existing infrastructure funding and delivery mechanisms, and key issues that remain barriers to development.
- A **Code Audit** to review the applicable development standards, allowed uses, and procedures (including master planning requirements) and identify potential barriers that could be inhibiting development.
- **Community and stakeholder engagement** including an Online Open House, direct outreach to community members, property owner interviews, and a meeting with the City’s Developer Advisory Group.
- **Meetings and workshops with City staff** from Urban Design and Planning, Economic and Development Services, Communications, Public Works, Transportation, Natural Resources, and Parks and Recreation Departments.

The consultant team has compiled findings across these efforts and is beginning to develop strategies to advance the goals for the area and address the greatest barriers to bringing the PVDP vision to life. The purpose of this memo is to summarize key findings and highlight the

issues and barriers our strategy recommendations will aim to address. The Market Analysis, draft Infrastructure Study, and draft Code Audit are attached for reference.

Land Use Key Issues

Through the Code Audit, Market Analysis, and conversations with City staff and stakeholders, we have identified a range of issues related to the land use designations and development standards for the area. Key issues include:

- **There is more land designated for Employment uses than the market can support.** While our market analysis identified demand for some neighborhood/community-serving commercial uses, there is little market potential in the area for employment uses that are not driven by household demand (e.g., corporate offices, flex/business parks or industrial uses).
- **Commercial development is possible in Pleasant Valley, but the Town Center designation needs refinement.** Neighborhood/community-serving commercial development likely viable in this area, especially as the area builds out, and could include a grocery store and other household serving uses. The original plan includes a Town Center in the western portion of the plan district in an area where new road extensions (Giese Road and 172nd Avenue) are required to provide access; these extensions are not likely to be completed for many years given the number of properties involved. Additionally, topography and wet soil conditions may be barriers to commercial development in that area. The acreage may be larger than needed for a community-serving commercial center, and the existing two-story minimum height may not be realistic given that single-story commercial development is most likely to be feasible in this area.
- **There is demand for a range of housing types in Pleasant Valley, but zoning regulations may benefit from refinements to better support middle housing and multifamily development.** The market for single-detached housing is strong in the area. Developers have begun to incorporate middle housing into their development plans for the area, though some report challenges with applying new regulations in a greenfield setting. Three-story walkup apartments are the most likely and cost-effective form of multifamily development for this area, but may not be viable until more services and amenities are delivered to the area. In addition, density limits in the HDR and TC zones may need to be refined to best support this type of multifamily development.
- **The Master Planning process is challenging for small sites and can be problematic for both applicants and the City.** The Master Plan requires an extra application process that adds time and expense for Pleasant Valley developers. The requirement for a minimum of 20 acres to be master planned together makes it difficult for smaller property owners to develop their land and for incremental development to occur. To date, it has not led to lot consolidation to achieve 20-acre sites. In addition, provisions related to planning for park sites, circulation, stormwater, and other infrastructure may be problematic for Master Plans that encompass adjacent properties that are not likely to develop in the

near-term and may allow developers to make adjustments that the City does not support.

Infrastructure Key Issues

Through the Infrastructure study, work sessions with City staff, and conversations with stakeholders, we've identified issues related to funding and delivery of the transportation network, water, sewer and stormwater infrastructure, and parks land. Some of the key findings include:

- **Many of the planned streets and infrastructure trunk lines must cross multiple parcels, and will be difficult for developers to deliver.** Given the number of small properties in the area, some properties may not be economical to develop with high infrastructure costs, which could create barriers to extending development and infrastructure past these properties. Coordination of transportation and infrastructure trunk line projects across multiple small parcels with different ownership will be complex and will require the City to play a role in securing easements or right-of-way.
- **Existing infrastructure cost-sharing mechanisms are not working well for developers or the City.** While the City offers cost sharing through SDC credits and sometimes reimbursement districts, these cost-sharing mechanisms offer little guarantee of full repayment for the portion of the cost that exceeds what a development owes. This makes them less valuable to developers. While it can be more cost-effective for the private sector to deliver the infrastructure, the City may have to compensate developers for the full amount it would cost the public sector as an incentive to take on the project at all, which diminishes or erases the potential cost savings.
- **The planned community park will be challenging to deliver.** The currently planned size and location of this park would require acquisition of multiple properties, which would be costly and administratively complex for the City, and is unlikely to be viable for developers to deliver.
- **The process for acquiring land for neighborhood parks is fragile and unlikely to be successful when applied to smaller properties.** The current system relies on voluntary cooperation from developers and property owners to sell land to the City either prior to development or during development review. The ability to acquire needed acreage for parks land may work for larger developments, but exaction proportionality issues would limit the amount of acreage that could be acquired for parks in smaller developments.
- **Infrastructure improvements are likely to impact the area's natural resources—a comprehensive mitigation strategy would offer the most cost-effective approach and the greatest environmental benefits.** Currently, regulations only require mitigation for unavoidable impacts, which has been incorporated into infrastructure projects after designs and locations are largely chosen. Advance consideration of environmental

improvement opportunities would support larger scale ecological system improvements and remove barriers to street and utility projects.

Conclusion

Pleasant Valley has the potential to become a complete community with a variety of housing options, commercial services, parks, schools, and green infrastructure. There is demand in the Pleasant Valley area for a range of housing types and for commercial development to serve a growing population. However, the combination of fragmented rural residential development and need for major infrastructure extensions are inhibiting development. Regulatory barriers and land use designations that do not align with market demand have further exacerbated development challenges in the area. To date, Gresham has largely relied on private development to overcome these challenges without pro-active support from the City. This has resulted in a limited amount of single-unit detached development on the larger and more buildable properties on the eastern side of the City, but little else.

Changes to the development code and land use designations may remove some barriers for development, but are not likely to be sufficient to allow development to overcome the remaining obstacles. **If the City wants to see a complete, inclusive, and sustainable community emerge in this area, it will have to be more proactive in addressing challenges related to infrastructure, natural resource planning, park land acquisition, and attracting commercial development.**

The next phase of the PVDPU will identify strategies the City could implement to address the issues identified to date through this project. We anticipate meeting with the Planning Commission and City Council again to review draft recommendations in the fall of this year and again towards the end of the year to present the final report.