

MEMORANDUM

DATE: June 14, 2012
TO: Beth St. Amand, City of Lake Oswego
FROM: Steve Faust and Kirstin Greene; Todd Chase, FCS GROUP
CC: Denny Egner, Sarah Selden and Laura Wiegel, City of Lake Oswego
RE: Employment Zone Analysis

At the request of City staff and as part of the City of Lake Oswego's *We Love Lake Oswego* Comprehensive Plan update, Cogan Owens Cogan (COC) and FCS GROUP analyzed the City's employment zones relative to development design types identified in the 2035 Vision. COC also reviewed and considered how well existing employment areas and target industry clusters identified in the City's Economic Opportunities Analysis are supported by the City's employment (commercial and industrial) zones.

This memo summarizes this work with:

- An overview of Lake Oswego's employment zones, existing employment areas, 2035 Vision design types and site requirements for target industries;
- An analysis of how employment zones compare to existing employment areas, 2035 Vision design types and target industries ; and
- Opportunities to enhance the ability of employment zones to support economic development objectives, 2035 Vision design types and target industries.

Lake Oswego Employment Zones and Regulations

The following is an overview of City employment zones. A general description of each zone’s purpose and permitted uses is provided along with specific development standards when applicable. As shown in Table 1, there are 12 base zones allow employment uses: seven commercial zones, three mixed use zones and two industrial zones. Table 1 also provides examples of employment areas where these zones are located.

Table 1. Lake Oswego Employment Zones

Type	Zone	Employment Area Example
Commercial	Neighborhood Commercial (NC)	Mountain Park, Palisades
	General Commercial (GC)	SW Employment District @ Boones Ferry Road
	Highway Commercial (HC)	North of Kruse Way @ I-5
	Mixed Commerce (MC)	South of Kruse Way @ I-5
	Office Campus (OC)	Marylhurst, Kruse Way @ Carman Drive
	Campus Research & Development (CR&D)	South of Kruse Way @ Westlake Drive
	East End General Commercial (EC)	Downtown
	Campus Institutional (CI)	Marylhurst
Mixed Use	Residential Mixed Use (WLG RMU)	West Lake Grove
	Office Commercial (WLG OC)	West Lake Grove
	Residential Live/Work (WLG RLW)	West Lake Grove
Industrial	Industrial (I)	Foothills
	Industrial Park (IP)	SW Employment District

Source: Cogan Owens Cogan, LLC. Zones compiled from City of Lake Oswego Community Development Code.

Commercial Zones

Neighborhood Commercial (NC)

To provide land near or within residential areas for commercial activities.

General Commercial (GC)

To provide lands for commercial activities supplying a broad range of goods and services to a market area which includes the planning area identified in the Comprehensive Plan.

Highway Commercial (HC)

To provide lands for commercial activities which meet the needs of the traveling public as well as other highway-oriented retail uses which require access to a market area larger than the general commercial zone. This district is not intended for regional shopping centers.

Office Campus (OC)

To provide lands for major concentrations of regionally oriented offices and employment opportunities for a market area larger than the planning area.

East End General Commercial (EC)

To implement comprehensive plan policies directing revitalization of the East End Business District. The district should guide and encourage development and redevelopment of the East End Business District. Single commercial businesses limited to 35,000 sq. ft or less.

Campus Research & Development (CR&D)

To provide a mix of clean, employee-intensive industries, offices and high-density housing with associated services and retail commercial uses in locations supportive of mass transit and the regional transportation network.

Mixed Commerce (MC)

To provide for a mix of uses requiring highway access and which provide a strong visual identity. Intended uses include local and regional convention type facilities, office uses and supporting retail uses. Supporting retail uses shall be limited to less than 60,000 square feet of gross leasable area per building or business in the MC Zone. Single commercial businesses or buildings [shall be] limited to 60,000 sq. ft or less.

Campus Institutional (CI)

To provide zoning regulations for the Marylhurst Campus in order to provide land where permitted or conditional uses can be provided for in a unified campus setting.

Marylhurst Campus Institutional Area

Land uses allowed in Campus Institutional areas are all Office Campus uses, including those for educational, religious, social services, governmental agencies, related residential uses and facilities for care of the handicapped or other special care needs, located in a campus setting which preserves a substantial amount of landscaping and open space and the character of existing institutions.

West Lake Grove Mixed Use Zones

To implement the Design District Plan by specifying the zones, permitted land uses, and site development limitations.

Residential Mixed Use (WLG RMU)

Permitted uses include professional offices with limited customer or client traffic intended to attract and serve customers or clients on premises, such as: attorneys, physicians, dentists, counselors, insurance, travel agents, investment and financial services, real estate, studios (photography, commercial art, advertising), architects, landscape architects, engineers, or other design businesses, research, software development, corporate offices, medical testing laboratories, specialty medical services.

Office Commercial (WLG OC)

Permitted commercial uses include:

- Professional offices as described under OC/R-25. A single building which provides for any of the permitted uses shall be limited to a maximum building footprint of 5,000 square feet.
- Retail Sales – Food, Restaurants and Drinking Places, such as delicatessens, bakeries, specialty food stores (coffee shop, juice bar), general merchandise sales (hardware, nursery, florist, furniture, appliance, office supplies), personal services (hair salon, massage, pedicure and

manicure) and specialty retail (antique stores, art galleries and jewelers). Retail limited to 5,000 square feet or less.

Residential Live/Work* (WLG RLW) (note: Live/Work space is defined as property that is specifically designed for dual use, combining both residential and employment space.)

Permitted uses include:

- Professional offices with limited customer or client traffic intended to attract and serve customers or clients on premises, such as sole practitioner attorneys, counselors, investment and financial services, studios such as photography, artists, commercial art, advertising, architects, landscape architects, engineers, or other design businesses, computer software development and information technology services.
- Personal Services, such as hair salons and personal care.
- Specialty Retail, such as antique stores, art galleries and jewelers.

Industrial Zones

Industrial Zone (I)

To provide land where general industrial development can be located. Permitted uses include:

- Manufacturing, repairing, compounding, processing or storage and accessory office use.
- Wholesale distributor or outlet.
- Commercial uses which require large land areas for display or storage.
- Truck and trailer rental, and sales of accessories.
- Services to buildings (including dwellings), cleaning & exterminating.
- Laundries, cleaning places, upholstery shops.
- Sign shop, duplicating, address, blueprinting, photocopying, mailing, stenographic services, printing, publishing and lithographic shops.
- Equipment service and repair places, appliance small engine, vehicle repair shops, auto service stations, towing service and tow yards.
- Research and testing facilities, medical and dental laboratories, veterinarian's facilities, ambulance service.
- Ancillary retail

Industrial Park Zone (IP)

To provide lands where primarily light industrial and accessory uses can occur in a campus-like setting under controls to make activities mutually compatible and also compatible with existing uses bordering the district. Permitted uses include:

- Research facilities, testing laboratories, medical and dental laboratories, veterinarian's facilities, ambulance service (less than 5,000 square feet).
- Facilities for the manufacturing, processing or assembling of products and offices accessory to manufacturing, warehousing or research uses.
- Professional office space not to exceed 15% of gross site area.
- Remanufacturing or repair of vehicle engines and electrical systems provided that:
- Incidental retail uses.
- Services to buildings (including dwellings), cleaning & exterminating.
- Laundries and cleaning places, and upholstery shops, less than 5,000 square feet.

- Sign shop (less than 5,000 square feet), duplicating, address, blueprinting, photocopying, mailing, stenographic services, printing, publishing and lithographic shops.
- Ancillary retail

Overlay Zones

In addition to the base zones described above, several overlay zones permit commercial uses in addition to those listed in the base zone. These overlay zones include:

- Mountain Park Town Center
- Monroe-Boones Ferry
- Block Located in the EC District Bounded by A Avenue, 2nd Street, Evergreen Road and 3rd Street
- Boones Ferry Road/Jean Road
- Jean Way Site
- Boones Ferry Road/Opposite Jean Way
- Industrial Park Overlay

Lake Oswego Employment Areas

Descriptions of Lake Oswego’s existing employment areas follow. The selected areas are designated as either Employment Centers or Town Centers on the City’s 2035 Vision Map. Future potential uses are described in the findings and recommendations sections.

SW Employment District

The SW Employment Business District is made up of several smaller business districts and industrial parks, including the Jean Road Business District and Lake Grove industrial park among others. The area is located on either side of Lower Boones Ferry Road, and west/northwest of Pilkington Road, Lakeview Boulevard and SW 65th Avenue. The area is zoned primarily for Industrial Park uses. Industrial uses in the area are doing well resulting in a demand for more industrial flex space. Older industrial buildings are being renovated into Class B office space. Other zones in the district include General Commercial, Public Functions, Neighborhood Commercial, Residential-High Density and Residential-Medium Density.

Kruse Way

The Kruse Way/Centerpointe area east of Highway 217 and I-5, is a regional employment center with corporate office buildings and supportive uses such as hotels, restaurants and other services. According to the City’s *Employment Opportunities Analysis* (2011), the area is expected to be built out by 2035 unless new structured parking facilities allow for additional employment use intensity with more developed use of surface parking lots. Campus Research & Development zoning is located primarily west of Carman Drive on both sides of Meadows Road. Other zones in the area include Highway Commercial and Mixed Commerce.

Marylhurst University

The Marylhurst University campus is an important educational and business location and provides residents of Lake Oswego and the region with employment and learning opportunities in education

and research. Campus Institutional/Office Campus is the primary zoning designation on the site with a portion zoned for low density residential. The site currently includes senior housing facilities at Mary's Woods.

Lake Grove

The Lake Grove Business District is located in the western portion of the City along Boones Ferry Road south of Kruse Way. General Commercial is the predominant zone in the area. Current employment activities include offices and neighborhood-scale businesses.

Downtown/Foothills

The Downtown Business District is the community's center for commercial shopping, banking and entertainment and includes important civic buildings, such as City Hall, the main post office, main fire station and other municipal services. State Highway 43, a major north/south connection between Interstate 205, West Linn, Lake Oswego and Portland serves the area and also provides a major connection to several of Lake Oswego's major streets. East End General Commercial is the primary zone in Downtown, consisting of Lake Oswego's traditional downtown commercial core, commercial areas fronting Oregon Highway 43 and a large mixed-use office and multi-family development along the Willamette River. The Foothills District, located east of Lake Oswego's downtown core across Highway 43, is currently zoned for industrial uses. The District is envisioned as Lake Oswego's next great neighborhood with a mix of uses including a variety of housing options, local retail to support the neighborhood, complimentary office types, and open space.

2035 Vision Design Types

The first phase of the *We Love Lake Oswego* process included an extensive public outreach guided by the Citizen Advisory Committee. Through resulting Community Vision expresses the community's aspiration for quality of life in 2035. The vision is supported by a preferred land use scenario (2035 Vision Map, attached). The scenario describes how and where the future investments and development should be focused. Associated design type descriptions help indicate the desired future character of these areas. The preferred scenario includes design types which are intended to support and foster economic vitality by focusing public investments in mixed-use areas to help attract employment opportunities of various types. The scenario also envisions a full range of employment and incubator opportunities in Lake Oswego including appropriate opportunities for in home and/or micro-and small scale business and employment opportunities closer to where people live.

These design types include employment centers, town centers and neighborhood villages and are designed to provide a progression of employment uses from home-based and micro-business occupations to office space, manufacturing and industrial uses. The community hub design type is described below, but is intended for more temporary uses. These areas will likely continue to be best supported by residential or public zones.

Employment Center

- Primary focus is providing land for employment uses including office, industrial, research, and education.
- Would include some of the higher intensity employment uses in the city.

- Should be easily accessible and well-served by a variety of transit options.
- May include residential uses in select locations.
- Commercial uses which support employment and residential uses may also be included.
- Higher intensity employment uses with supporting retail and residential uses.
- Examples of employment centers include Kruse Way, SW Employment District and Marylhurst.

Town Center

- Areas of retail/commercial uses with a mix of residential development at a greater density and intensity.
- Walkability and access to services promotes the 20 minute neighborhood concept.
- Robust cultural opportunities in the form of libraries, theaters, and public art.
- Centered around arterial roads with access to public transit.
- Examples of town centers include Downtown and the Lake Grove Village Center

Neighborhood Village

- Areas which allow for a mix of retail, services, and other employment but with less intensity than town centers and employment centers.
- Medium and high density residential uses may be located within these areas.
- Neighborhood villages provide a range of services to meet the daily needs of area residents and promote a walkable 20 minute neighborhood.
- Local community gathering spots may include parks, plazas and paths.
- Neighborhood villages serve as vibrant centers of retail residential, and community activity.
- Examples of Neighborhood Villages include Mountain Park, West Lake Grove and Palisades

Community Hub

- Small scale gathering places that allow for occasional or temporary limited commercial or community activities, which support the surrounding neighborhoods.
- Centered around parks, schools, and other public places.
- Uses may include small scale farmer’s markets, community gardens, neighborhood gatherings or coffee carts.

Target Industry Clusters and Site Requirements

Target Industries

Based on current employment trends, the City’s competitive advantages, and City land-use and economic development policies, the City of Lake Oswego is poised to attract a variety of industries, including:

- Finance and Insurance
- Professional, Scientific, Technical Services and Information
- Real Estate
- Corporate or Regional Headquarters
- Green Businesses
- Health Care
- Services for Residents
- Services for Seniors

- Government and Public Services
- Advanced Continuing Education
- Arts

Most of these industries are comprised primarily of small and medium size businesses that typically prefer to lease space in office or commercial buildings. No special vacant land requirements are identified for future small or medium businesses. Target industry clusters that are comprised primarily of larger business establishments, such as corporate or regional headquarters or green businesses, will likely have minimum site size and infrastructure service requirements. Typical site requirements for target industry types are described in Table 2.

Table 2. Typical Site Size Requirements for Target Industry Types

Target Industry Clusters	Micro Businesses	Small Users	Medium Users	Large Users
	<i>Home occupations; and micro-less than 10 jobs per business</i>	<i>Less than 50 jobs per business</i>	<i>50 to 70 jobs per business</i>	<i>70 to 200+ jobs per business</i>
Industrial <ul style="list-style-type: none"> • Corporate or Regional Headquarters • Green Businesses 	In home executive, owner and managerial positions; small offices in mixed use areas and other employment districts	Building tenants or infill redevelopment sites in established industrial locations	Industrial or business park setting	Industrial or business park campus settings
Business or Professional Offices <ul style="list-style-type: none"> • Advanced Continuing Education • Arts • Finance and Insurance • Government and public services • Health Care • Professional, Scientific, Technical Services and Information • Real Estate • Services for residents and seniors 	In home executive, owner and managerial positions; small offices in mixed use areas and other employment districts	Building tenants or infill redevelopment sites in town center, regional center or transit station areas	Town center, corridors or transit station areas	Business park campus setting with transit service

Findings and Opportunities

Findings

2035 Vision Design Types

Employment Centers

Employment centers are areas focused on higher intensity office, industrial, research and education employment that also accommodate retail and residential uses in select locations. The Institutional and Institutional Park zones allow for a variety of office, industrial and research uses. However, they do not permit housing and allow only limited retail and educational uses. The Campus Research and Development zone best aligns with employment centers as it offers a “mix of clean, employee-intensive industries, offices and high-density housing with associated services and retail commercial uses in locations supportive of mass transit and the regional transportation network.” The CR&D zone permits office, industrial, research, retail and high density housing uses, but most educational uses are not allowed. Together, the Office Campus and Campus Institutional zones can potentially accommodate the employment center design type, as the OC zone permits office, research, retail and residential uses and the CI zone allows educational and some residential and commercial uses.

Town Centers

Several zones permit the mix of retail, commercial, cultural and entertainment uses and higher density residential development envisioned for town centers. While many zones allow this combination of uses, the General Commercial and East End General Commercial zones best reflect the characteristics of town centers with the broadest range of permitted retail and commercial uses. The Highway Commercial and West Lake Grove Residential Mixed Use zones also align with this design type, but are limited geographically in their application.

Neighborhood Village

Neighborhood Villages are less intense mixed-use areas that provide a range of retail and other services to meet the daily needs of area residents. The Neighborhood Commercial and General Commercial zones permit allow the broadest range of retail, services and residential uses at less intensive densities. The West Lake Grove Residential Mixed Use zone also has many of the neighborhood village characteristics. These zones would most likely be located adjacent to zones that allow desired community gathering spaces, such as parks, plazas and paths.

Target Industry Clusters

As mentioned above, most of Lake Oswego’s target industries are comprised of small and medium businesses that typically prefer to lease space in office or commercial buildings. These businesses could be accommodated by available space in existing offices or select redevelopment locations in any one of the City’s commercial zones. The General Commercial, Highway Commercial, Office Campus, East End General Commercial, Campus Research & Development and Mixed Commerce zones all allow these types of professional office uses. The Marylhurst and Kruse Way sites in particular are well-suited to accommodate large users.

Fewer zones are well-suited to accommodate larger businesses, such as a corporate headquarters or some green businesses. The types of green businesses that may choose to locate or expand in Lake Oswego include: training and support firms, clean-tech research firms, or small scale, light industrial

firms with environmentally friendly products and/or practices. While many zones permit professional office use, the most appropriate designation for a regional headquarters would be the Campus Institutional/Office Campus zones. The CI and OC zones are designed to meet the needs of large office or educational businesses and their employees in a unified campus. Several commercial and industrial zones permit research and testing facilities and laboratories. A light manufacturing business would be permitted outright in the Campus Research & Development or Industrial Park zones. More intensive manufacturing would have to be located in the Industrial or Industrial Park zones.

Table 3 summarizes how well various zones accommodate 2035 Vision design types and target industry clusters.

Table 3. Summary of Employment Zone Analysis Findings

Design Type/ Target Industry Cluster	NC	GC	HC	MC	OC	CR&D	EC	CI	WLG			I	IP
									RMU	OC	RLW		
Employment Center					◐	●		◐				◐	◐
Town Center		●	◐				●		◐				
Neighborhood Village	●	●							●				
Community Hub	●								◐		●		
Small and Medium Business Types		●	●		●	●	●						
Large Business Types					●	●		●				◐	◐

● = High compatibility

◐ = Moderate compatibility

Opportunities

The following opportunities to support Lake Oswego’s existing employment areas and overall economy through changes to the zoning code are proposed for discussion:

1. Accommodate Employment Centers. Campus Research & Development is the only zone that meets all the needs of 2035 Vision map Employment Centers design type. However, the industrial zones and several of the commercial zones have many employment zone characteristics. Consider making adjustments to these zones to better accommodate the Employment Center design type in key locations throughout the City.

2. Consider Future Uses/Possible Changes in Specific Employment Areas

SW Employment District

- Industrial businesses in the Foothills District should be encouraged to relocate to other suitable locations, such as the SW Employment District.
- Office uses should be located in centers and along transportation corridors. Medical offices, for example, would be an appropriate use at the intersection of Boones Ferry and Pilkington Roads.
- The Neighborhood Commercial node located at Bryant Road and Lakeview Boulevard seems ideal for the Neighborhood Village design type, possibly including offices over retail uses and some housing.

- The land zoned Public Functions at Willow Lane and Pilkington Road could be redeveloped for office, retail and housing uses through a public/private partnership should the city maintenance shops be relocated.
- Expand industrial flex space to accommodate strong demand.

Kruse Way

- Public comment indicates ancillary ground floor retail, such as restaurants and coffee shops to support area employees' use, are desired in appropriate locations.
- Connections to regional transit systems like the SW Corridor system will help make the area even more desirable.
- Landscaping and other types of buffers should be considered to ensure residential uses do not disrupt adjacent office uses or harm the area's reputation as a premier employment center.
- The West End Building and associated property could accommodate medium density housing to compliment current office and civic uses.
- Land zoned Campus Research & Development could allow research and educational institutions to cross-pollinate with adjacent office and industrial uses.

Marylhurst

- Encourage the development of office, education and research jobs to provide residents with new employment opportunities.
- Ensure current zoning designations permit desired activities, including education, office and some residential uses.

Downtown/Foothills

- The vision for Foothills includes commercial and housing, including some home occupations. A good example of this type of development is Kirkland, Washington with housing over first-floor office (insurance, real estate, etc.).

Lake Grove

- West Lake Grove is a mixed use district that allows housing behind commercial uses. Lake Grove could be a district that promotes vertical integration of employment and housing uses.
- Village offices envisioned for the site could be two to three stories with adjacent housing of three or more stories.
- Home office uses described in the Lake Grove vision are consistent with the current market.

3. Expand office uses in industrial zones. The majority of Lake Oswego's new job growth is anticipated in the office/service category, creating a need to allow more office uses in existing industrial areas, such as Foothills and Pilkington/Jean Road. This may require a special overlay or zoning amendment that allows more office to occur in these areas. Possibilities include:

- Limiting office use to corridors served by transit, such as Boones Ferry Road
- Limiting office use to designated employment design type areas
- Include more office as part of mixed-use developments in Foothills
- Creating a more flexible employment zone to accommodate more office uses in employment areas

2035 Vision Map

