

To: Comprehensive Plan Citizen Advisory Committee
From: Todd Chase, AICP
RE: Draft Goal 9 (Economic Development) Draft

Date: January 31, 2011

INTRODUCTION

This memorandum includes draft findings from the supplemental planning analysis described in our February 3 presentation to the TAC and February 10, 2011 presentation to the Goal 9 & 10 Workgroup. The work reflected in this memorandum includes the following items:

- Summary of Goal 9 Regulatory Requirements
- Methodology
- Draft Findings
- Policy Issues and Considerations

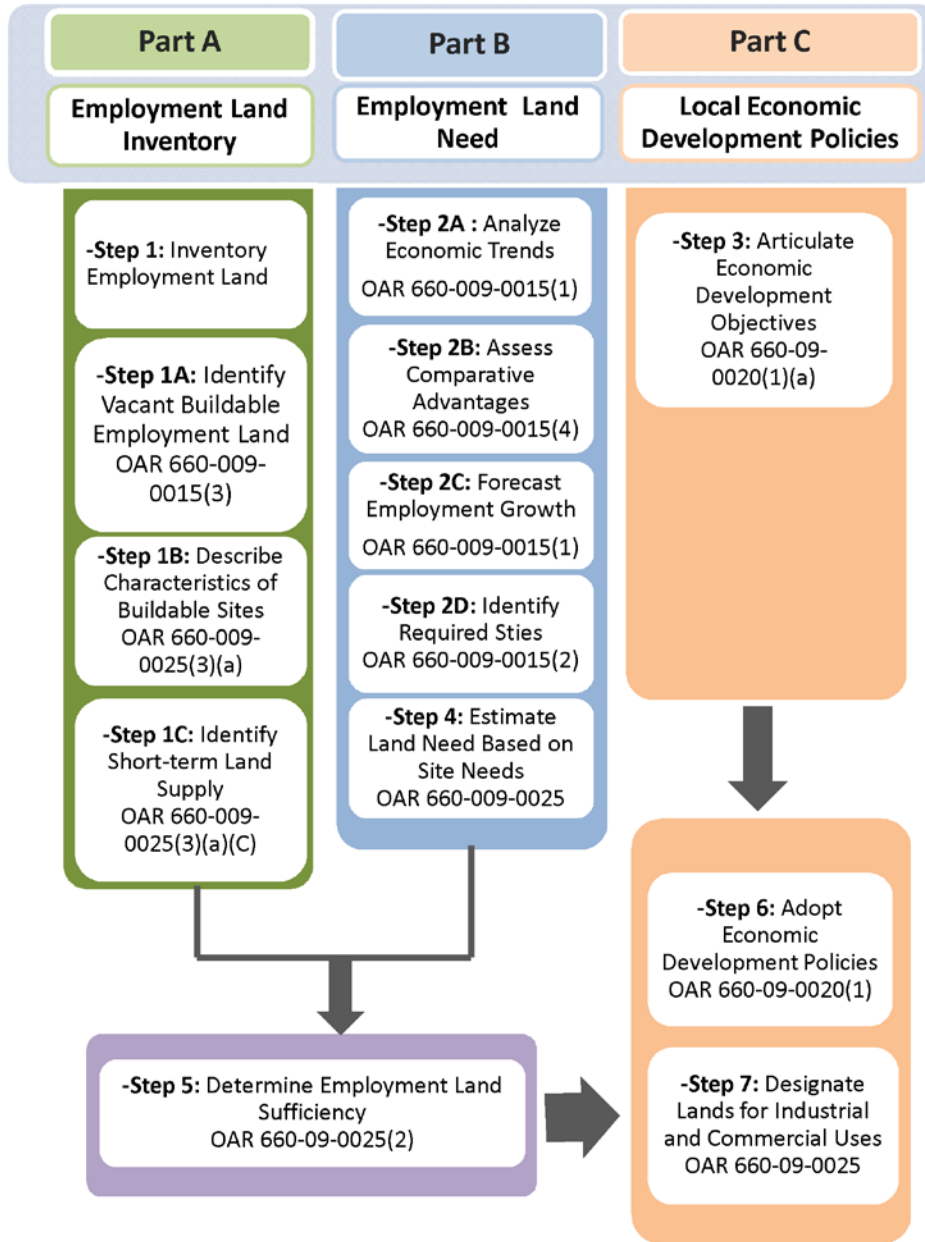
The City of Lake Oswego is undergoing a periodic review of its Comprehensive Plan per Oregon DLCD requirements. As part of the Comprehensive Plan update, the City must address the requirements of Goal 9 (Economic Development, OAR 660-009). Goal 9 requires cities to periodically review and update the following:

- Local vision for strengthening local economies through the adoption of local economic policies that include community economic development objectives (CEDOs);
- Local urban growth requirements (land needs) for providing adequate land needed to accommodate 20-year employment growth forecasts. Land needs are to be based upon:
 - Current analysis of vacant and part-vacant buildable lands that are zoned or planned to accommodate job growth; and
 - Forecasted land needs based on an Economic Opportunities Analysis that considers global, national and local trends, and local aspirations, and is generally consistent with regional growth forecasts or coordinated population growth forecasts.

METHODOLOGY

The technical and political approach used for the Lake Oswego Economic Opportunities Analysis (EOA) and related steps are illustrated in **Figure 1**. This approach has been deemed to be consistent with the DLCD Goal 9 administrative rule, and the supporting OAR 660 guidance, as well as other supporting guidance provided per the *DLCD Industrial & Other Employment Lands Analysis Guidebook (2005)*, and the *Draft Economic Development and Employment Land Planning Guidebook (July 2010)*.

Figure 1 Lake Oswego EOA Methodology and Approach



PRELIMINARY FINDINGS

Part A – Employment Land Inventory

The employment land inventory assesses the availability of vacant, buildable land and the types of employment sites available for different employment uses.

The *Draft Lake Oswego EOA* includes a recent buildable land inventory completed by the City of Lake Oswego Planning Department staff using Geographic Information Systems (GIS) data.

The buildable land inventory (BLI) assessed vacant and part vacant (dividable) tax lots from all Comprehensive Plan Map designations that allow commercial or industrial activity within the USB. The city's employment land includes 14 different land use designations: seven commercial, two industrial, and five mixed-use or split zone designations.

Table 5-1 below shows all land that allows commercial and industrial development in the Lake Oswego USB. Lake Oswego has 1,060 tax lots with 689 gross acres in tax lots that allow commercial and industrial development. About 62% of Lake Oswego's employment land is in commercial plan designations and about 19% in industrial and 18% mixed-use plan designations.

Table 5-1. Total employment land by employment plan designation, gross acres, Lake Oswego USB, 2009

Plan Designation	Tax Lots	Acres in Tax Lots	Percent of Acres in Tax Lots
Commercial Plan Designations			
Campus Institutional (CI)	8	139.1	20%
Campus Research and Development (CR&D)	17	54.0	8%
Neighborhood Commercial (NC)	41	32.1	5%
General Commercial (GC)	90	65.9	10%
East End Commercial District (EC)	260	42.0	6%
Highway Commercial (HC)	46	85.9	12%
Office Campus (OC)	8	8.8	1%
Commercial Subtotal	470	427.8	62%
Industrial Plan Designations			
Industrial (I)	13	17.2	2%
Industrial Park (IP)	83	117.0	17%
Industrial Subtotal	96	134.1	19%
Mixed Use or Split Zone Plan Designations			
Office Commercial/Residential R-2.5 (OC/R-2.5)	15	7.3	1%
Office Commercial/Neighborhood Commercial (OC/NC)	14	4.5	1%
Neighborhood Commercial/Residential High Density (NC/R-0)	102	34.2	5%
Office Campus/Residential (OC/R-3)	243	45.2	7%
Residential R-0/East End Commercial District (R-0/EC)	120	36.4	5%
Mixed Use or Split Zone Subtotal	494	127.5	18%
Total	1,060	689.4	100%

Source: RLIS GIS data; analysis by City of Lake Oswego

Note: The numbers above may have small rounding errors.

Note: The EBLI did not include the R-2.5/W, Live/Work mixed use designation because of a mapping omission error on the Comprehensive Plan Map. This omission will be corrected when the city formally prepares its EBLI in compliance with Goal 9, economic development analysis for Period Review. The R-2.5/W zone is only found in the West Lake Grove Design District and includes a small portion of six parcels. The Comprehensive Plan should have shown the following R-2.5 designations as R-2.5/W:

a) North/south side of West Sunset Drive, portions of tax lots 6900, 7400, and 7300.

b) North side of Upper Drive, portions of tax lots 4600, 4400 and 4300.

The vacant and part-vacant land inventory includes tax lots or parcels that have at least 10,000 square feet (about 1/2 acre) of buildable land area after removing existing developed buildings and significant environmental constraints (wetlands, floodplains, and slopes greater than 25%).

A summary of current local Lake Oswego Comprehensive Plan Map classifications that have vacant and part-vacant lands and general land use assignments for the EOA are provided in **Table 1**, and a map depicting these lands is attached to this memo.

The following zones include vacant or part-vacant land:

- Commercial zones: East End Commercial (EC); General Commercial (GC); Neighborhood Commercial (NC); Office Campus/Neighborhood Commercial (OC/NC); and Campus Research & Development (CR&D).
- Institutional zones (located at the Marylhurst University campus): Campus Institutional (CI).
- Industrial zones: Industrial Park (IP).

Table 1. Buildable Land Inventory for Employment Zones in Lake Oswego USB, Jan. 2011

	Vacant and Part-Vacant Property									
	0.26 to 1 acre		1 to 3 acres		3 to 6 acres		> 6 acres		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
Commercial										
EC	2	0.57							2	0.6
GC	4	1.89	2	4.63					6	6.5
OC/NC	1	0.52							1	0.5
CR & D					1	4.67			1	4.7
Institutional										
CI							1	6.92	1	6.9
Industrial										
IP	1	0.91							1	0.9
Total	8	3.89	2	4.63	1	4.67	1	6.92	12	20.11

Source: City of Lake Oswego.

In addition to these vacant and part-vacant BLI development opportunities, the Draft EOA assumes that a significant portion (two-thirds) of future employment will be accommodated through the redevelopment of existing employment lands at higher intensities (more jobs/acre). This redevelopment will be required to accommodate future jobs due to the limited availability of vacant/part-vacant land (12 parcels/20 acres) compared to future demand. The City is working on an analysis of employment land redevelopment potential, and hopes to present this information to the CAC at the March 10 meeting.

Part B – Employment Land Need

The employment land need analysis looks at the projected allocation of job types, along with their specific site and space needs.

The *Draft Lake Oswego EOA* (by ECONorthwest June 2010) includes an analysis of existing and potential target clusters that are well-suited to the local area. These targeted clusters have been reviewed by the TAC and Goal 9 and 10 Work Group, and refined for consideration in the EOA.

The targeted clusters include:

- Finance, Insurance and Real Estate
- Professional, Scientific, Technical Services and Information
- Corporate or Regional Headquarters
- Green Businesses
- Health Care
- Services for Residents & Seniors
- Government and Public Services
- Advanced and Continuing Education
- Arts & Culture

The draft employment land needs analysis will need to consider any special site requirements from these types of target clusters to ascertain whether the existing land supply and zoning regulations are adequate for retaining and enhancing job growth in these employment sectors.

In the case of Lake Oswego, the city is located within the Metro planning boundary and also needs to maintain consistency with adopted regional plans and requirements. The most recent adopted Metro forecasts for the Lake Oswego area is from 2005.

Preliminary employment and population forecasts for the Lake Oswego area have also been released as part of the 2009 Metro Urban Growth Report (UGR). Metro is in the process of updating their forecasts for jobs and housing, in close coordination with cities and counties within its jurisdiction, and expects to arrive at final coordinated numbers by December 2011. For long-range planning purposes, three job growth forecasts are provided in **Table 2**. The first two forecasts project jobs based on population growth rates.

Low Growth Forecast: assumes that jobs grow at an average annual rate of 0.45. This number is based on the number of dwelling units that could be developed in existing residential zoning. In light of recent trends and local objectives, we have assumed no gain/loss in jobs within the government and industrial sectors, and growth to occur in the retail and service sectors. The Low Growth Forecast is not consistent with Metro's forecast for the Lake Oswego area.

Medium Growth Forecast: assumes that jobs grow at an average annual rate of 0.75. This job growth rate is generally consistent with the Metro 2005 adopted forecast for the Lake Oswego area. In light of recent trends and local objectives, we have assumed no gain/loss in jobs within the government and industrial sectors, and growth to occur in the retail and service sectors.

High Job Growth Forecast: assumes that jobs grow at an average annual rate of 2.5. This job growth rate is consistent with the 2009 Metro UGR forecast assumptions (which are still being reviewed and adjusted, for completion in December 2011).

Table 2 Summary of Employment and Population Growth Forecasts

Low Growth Forecast, 2010 to 2035					
(city estimates of buildout, status quo zoning - not consistent with Metro forecasts)					
Low Growth	2010 est.	Proj. 2035	Change	Annual Change	AAGR
Population*	43,094	48,266	5,172	207	0.45%
Households*	17,956	20,111	2,155	86	0.45%
Employment	14,646	16,404	1,758	50	0.45%
Retail	993	1,156	163	5	0.61%
Commercial	9,721	11,316	1,595	46	0.61%
Industrial	2,391	2,391	-	-	0.00%
Government	1,541	1,541	-	-	0.00%

* Based on city planning staff buildable land inventory and capacity calculations, and 2.4 persons per dwelling unit.

Medium Growth Forecast, 2010 to 2035					
(city estimates and FCS "medium" forecasts; consistent with Metro 2005 adopted forecast)					
Medium Growth	2010 est.	Proj. 2035	Change	Annual Change	AAGR
Population*	43,094	51,981	8,887	355	0.75%
Households**	17,956	21,292	3,336	133	0.68%
Employment***	14,646	17,666	3,020	86	0.75%
Retail	993	1,273	280	8	1.00%
Commercial	9,721	12,461	2,740	78	1.00%
Industrial	2,391	2,391	-	-	
Government	1,541	1,541	-	-	

* Based on Lake Oswego Baseline Population Forecast (FCS report), Aug. 2010.

** Assumes 2.4 PPHH in 2010, and growth rate equal to Metro forecast from 2005.

*** Assumes no net new growth in industrial or government jobs, and overall job growth consistent with population growth.

High Growth Forecast, 2010 to 2030					
(consistent with Metro 2009 UGR jobs forecast for E-zone 39 plus Marylhurst)*					
High Growth	2010 est.	Proj. 2035	Change	Annual Change	AAGR
Population growth same as Baseline Scenario		51,981	8,887	355	0.75%
Household growth same as Baseline Scenario		21,292	3,336	133	0.68%
Employment	14,646	24,429	9,783	391	2.59%
Retail	993	1,723	730	29	2.79%
Commercial	9,721	16,708	6,987	279	2.75%
Industrial	2,391	3,586	1,195	48	2.05%
Government	1,541	2,412	871	35	2.26%

* Based on Draft Lake Oswego EOA report (ECONorthwest), June 2010.

Once the annual average job growth rates and job forecasts were created, a series of assumptions were used to: allocate jobs to building types; and to allocate building types to square feet of floor area; and to allocate building floor area to redevelopment or vacant lands by general zone classification. The key assumptions are generally consistent with the Metro UGR and local experience. Please refer to the presentation for a list of preliminary assumptions.

Assumptions to Allocate Jobs to Building Types

Employment Sectors	Building Types						
	Office	Institutional	Flex/ Bus Park	Gen. Industrial	Ware-house	Retail	Total
Retail Trades	5%	1%	5%	0%	0%	89%	100%
Services	72%	1%	5%	0%	0%	22%	100%
Industrial	0%	0%	67%	31%	2%	0%	100%
Government	30%	60%	5%	0%	0%	5%	100%

Source: Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Assumptions to Allocate Jobs by Building Type to Vacant Land

Building Type to Land Needs Assumptions*

	Office	Institutional	Flex/Bus. Park	General Industrial	Ware-house	Retail
Refill/Redevelopment Job Allocation ¹	50%	20%	70%	70%	70%	50%
Jobs Needing Vacant Allocation ²	50%	80%	30%	30%	30%	50%
Building SF Per Job ²	370	630	550	700	1,100	510
Floor-Area-Ratio ²	0.50	0.35	0.35	0.30	0.30	0.30
Public Facility Net:Gross Adjustment ³	1.10	1.05	1.10	1.05	1.05	1.10
Work at Home Adjustment ⁴	0.15	0.05	0.05	0.05	0.03	0.05

* Assumptions are intended to reflect a long-term average.

1/ Adjusts for building refill & vacancy allowances.

2/ Building density derived from Metro UGR assumptions.

3/ Allowances take into account land dedicated to public/utility easements.

4/ Allowance based on local business license data; and is generally consistent with national statistics by US Dept. of Labor, Bureau of of Labor Statistics, Technical information: "Work at Home in 2004".

Source: assumptions are generally consistent with the Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Assumptions for Development on Vacant Employment Land, by Zone

Local Zoning Classification	Office	Institutional	Flex/Bus. Park	General Industrial	Warehouse	Retail
Commercial & Mixed Use (EC, GC, OC/NC, CR&D)	60%	30%	10%	10%	0%	65%
Institutional (CI)	10%	60%	0%	0%	10%	0%
Industrial (IP)	0%	0%	85%	85%	90%	5%
Total	100%	100%	100%	100%	100%	100%

The long-term analysis of vacant land need for employment growth within the Lake Oswego USB by year 2035 is summarized in **Table 3**. The preliminary analysis identifies a range in employment land needs from 14 acres (low) to 25 acres (medium) and up to 123 acres (high).

Table 3 Preliminary Vacant Land Need for Employment, Lake Oswego USB, 2035 Forecast (gross buildable acres)

Land Use Classification	Low Growth Forecast	Medium Growth Forecast	High Growth Forecast
Commercial & Mixed Use zones	12	22	88
Institutional zones	1	1	16
Industrial zones	1	2	19
Total	14	25	123

Source: analysis by FCS GROUP; excludes additional employment growth accommodated in redevelopment. As noted previously, work is being done to estimate the redevelopment potential. People that work at home was also excluded because home occupation businesses are located on residential lands not commercial or industrial lands.

In addition to the employment growth that is expected to occur on vacant land, over half of the future employment growth is likely to occur on “underutilized” parcels through redevelopment, especially in downtown and along mixed-use corridors such as S.W. Boones Ferry Road and along State Street.

POLICY ISSUES AND CONSIDERATIONS

Part C – Local Employment Development Policies

Key questions that emerge from the preliminary findings from the Draft EOA and this supplemental analysis by FCS GROUP include:

- How should Lake Oswego optimize local job growth in light of its very limited supply of vacant land area inside the USB?
- How can Lake Oswego support additional redevelopment and optimization of the remaining vacant land inventory to retain and attract business investment and employment creation?
- In light of these findings, should Lake Oswego focus on the low or medium growth forecast over the next 20 years, given the city's relatively built out environment?
- To what extent should Lake Oswego continue to emphasize policies that encourage or support: home-based employment for sole practitioners; mixed-use redevelopment with combined retail or office uses and housing in corridors, nodes and centers?