



## **Cheaper, Easier, Faster, More Relevant**

***Economic Development and Employment Land Planning Guidebook***

(Draft v025) 2<sup>nd</sup> edition - Current

***Oregon Department of Land Conservation and Development***

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## How to use this guidebook

The guidebook is designed for cities working on employment land planning projects and for DLCD reviewers of those plans. It is written in plain language and in a format that is easy to keep up to date. It is offered as guidance and does not replace or supersede state statutes or administrative rules. It is intended to suggest a path through the planning process that will be cheaper, easier, faster and more relevant.

To be successful the guidebook will have to ease the designation of suitable employment lands for economic development, provide a useful tool for planners, and not encourage unwarranted expansion of the UGB. Accordingly, this edition of the guidebook focuses the city's planning attention toward providing a short-term supply of land with infrastructure services available, an actively managed redevelopment program, and a total land supply program that replenishes the short-term supply as it develops.

The fact gathering and analysis are intended to be practical and tangible. Easy to use short-form templates are provided to simplify the bulk of employment land planning outside of Metropolitan Planning Organizations (MPOs).

This guidebook is organized into several sections, including:

- Employment land planning overview
- Step by step EOA outline
- Frequently Asked Questions
- Key EOA elements that most affect the results
  - with compliance and DLCD review standards
- How to determine the total land supply
- Choose useful land categories
- Estimate redevelopment potential
- Regional EOA's and employment land planning
- Useful definitions and metrics
- Useful web links
- Easy to use short form EOA's;

And in a separate companion document

- Best practices, tools and ideas from many sources
  - Professional associations
  - Planning and development consultants
  - Advocacy organizations
  - Public agencies
- Case studies.

## Employment land planning overview

Employment land planning in Oregon is guided by state land use economic development Goal 9 and its corresponding administrative rule OAR 660-009. In a nutshell, cities are required to maintain an adequate supply of suitable sites for likely opportunities to meet community objectives. The legislative intent is to attract jobs based on market realities and not merely accommodate them in an unrealistic community plan that sits on a shelf.

The employment land supply is a policy choice – actually a series of policy choices. It's not a math formula, a forecast or an allocation. The city's work is to explore options and assemble the facts needed to inform the policy choices. There must be findings supported by evidence to explain the policy choices. The policy choices (the findings) must have an adequate factual basis and must be reasonable. This means that there must be reasons or findings that create a logical path from fact through analysis to findings that can be understood by an average person. More precisely, conclusions must be such that local and review boards and commissions can understand and approve them as reasonable. There will be a review and approval by the city council. If a UGB change is proposed, the county, DLCDC and/or LCDC will provide an extra approval step.

The Economic Opportunities Analysis [EOA] is the tool cities use to explore and document the information, analyses and series of policy choices that determine the total supply of employment land for the 20-year planning period. The city uses the EOA to define the community objectives, likely opportunities, suitable sites and adequate supply for its circumstances.

The best way to do this is to tell the story of where the city has been, what it is experiencing and where it wants to go. Assemble the facts influencing each part of the story. Examine the true ability of the sites, the infrastructure, the workforce and the land owners to support development. Refer to this factual basis in the analysis, when deciding what to do, and when writing up the findings.

The key decision is the determination of the necessary short-term supply of ready-to-develop sites with all infrastructure services available. This decision puts the city's skin in the game with ready-to-go infrastructure. The data gathering is meant to inform this decision. The implementation policies and the total land supply determination follow and support the city's decisions to provide ready sites to meet the community objectives for economic development, to manage the land supply and replenish it as development occurs.

While there are perhaps an infinite number of ways to do an EOA, assemble the factual basis and arrive at a determination of the total land supply, there are a few basic approaches: calculation, policy determination and DLCDC short form. The technical analysis that informs the total land supply determination is important but it cannot be done in a vacuum. Cities must understand their economic strengths, the opportunities that go with those strengths and the investments of resources it will take to turn vision into reality. It is also important to know what works and why, so that good decisions are more likely. This guidebook will attempt to help cities begin the journey.

## **Focus on the essentials**

Focus on preparing the city for sustainable economic growth and improving the supply of ready sites. Focus on reusing existing sites and buildings so entrepreneurs seeking low-cost work spaces can create jobs. New businesses are typically renters, not green-field developers; economic development is not the same as real estate development. The EOA's purpose is to assemble and analyze facts that are important to consider before designating urban land and committing public money for infrastructure development. Show that specific investments and policies are being implemented. Keep good documentation of this important public process.

Even though no one-sized approach fits all, it is possible to suggest some informative generalizations. A strategy focused on recruiting traded-sector businesses will need larger sites with competitive combinations of work force, raw materials, transportation, power and water on ready to develop sites. Cities without access to enough of these resources will pursue other strategies. Cities that can boast of a high quality of life will focus on maintaining and enhancing the livability of the community as well as providing a selection of entrepreneurial spaces in the central business district and in small tech-flex business parks. All cities will benefit from a well organized local business retention and expansion program, which may or may not have a land demand component. All cities will benefit from a focus on preparedness.

## **Game on**

The land use system is often criticized for being too legalistic, too confusing, too inconsistent and too contradictory. Critics complain that a supposedly balanced application of the goals is skewed, either by original design, or because the patchwork of rules, interpretations, LUBA decisions and court cases that have been attached over the years like barnacles on the hull of an old ship. There is much lamenting that the intent of the program is no longer apparent, that good faith efforts by local governments are too vulnerable to appeal, and that the system only benefits land use attorneys, consultants and advocacy groups. Whether one believes all of that or none of it, it is clear that economic development land supply planning is a complicated high-stakes activity. Show up informed and ready to play.

## Step by step EOA outline

Document the process, the facts, the analysis and the conclusions [findings] which must be reasonable and have an adequate factual basis. { OAR 660-009 references }

- Community objectives [what and why?] {0020(1)(a)}.
  - Community history, assets and conditions
  - Willingness to accommodate change, implement infrastructure finance and land management tools
  - Land owner awareness, plans and preparation for development
- Review the trends and basic facts. [How will these affect the city?] {0015(1)}
  - Site conditions, infrastructure conditions and expansion costs
  - Changes in employment and workforce
  - Changes in development practices and finance
  - Identify opportunities of interest [retention, expansion, recruitment]
- Categorize the land supply. [local choice, useful, simple] {0025(1)}
  - General employment land
  - High value employment land
  - Unique attribute employment land
- Suitable site criteria {0015(2)}
  - Per category
  - Land management policies required to protect special characteristics
- Inventory of sites {0015(3)}
  - Vacant sites per category
  - Redevelopment sites per category
- Community economic development potential {0015(4 & 5), 0020(1)(a)}
  - Determine adequate short-term supply with infrastructure services
  - Determine adequate short-term replenishment program [20-year supply]
  - Determine land deficits by category
  - Provide findings that link to best available information.
- Implementation measures {0025}
  - Short term supply management policies [required in MPO's]
  - Protect land included for special characteristics
  - Triggers for re-evaluation of the land supply
- Goal 14 analysis<sup>1</sup>.
  - Need analysis – satisfied by the EOA
  - Location analysis on universe of suitable sites
    - Per category analysis
      - Balance the location factors
    - Reconcile categories and sites
  - Adjust UGB if necessary

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<sup>1</sup> Goal 14 analysis is beyond the scope of this guidebook. These highlights are sketched in here for illustration. **Update this per Woodburn.**

## Frequently Asked Questions

### ***What is an EOA?***

An Economic Opportunities Analysis [EOA] is a report that becomes part of a city's comprehensive plan. It is most useful when it focuses on the short-term supply of ready to use sites. It is a document that demonstrates compliance with Oregon's land use program. An EOA determines the total employment land supply that fulfills a city's overall economic development strategy. As part of the adopted comprehensive plan it is an important part of the 'operating manual' for the implementation of a city's economic development efforts. These activities enhance the city's ability to provide services and foster a higher quality of life for its citizens.

### ***Why do an EOA, and when?***

Cities need an adopted EOA when they want to make adjustments to the employment land supply including changes to zoning or adjustments to the UGB. Cities should update their adopted EOA regularly, approximately every 5 years. Cities may also want to update the EOA when there is a significant change in local economic development policies, local economic conditions or when the land supply has developed and needs to be replenished. A key to successful economic development efforts is to be prepared – businesses do not have time to wait for local process to work itself to conclusion.

### ***What's in an EOA?***

By rule, the EOA includes an analysis of trends that influence the long-range economic conditions of the city; a description of the characteristics of suitable sites needed for employment activities; an inventory of existing suitable sites, and an evaluation of economic development potential. More importantly, the EOA contains a statement of the community objectives that describes its vision of its future, as well as specific implementation measures the city will follow to achieve that vision.

### ***What does the EOA do?***

The EOA justifies for Goal 14 purposes the employment land need. It may limit the universe of sites considered by the G14 location analysis. In a larger sense, the EOA justifies comprehensive plan policies for employment land management including changes to the zoning and development code. In the broadest sense, the EOA documents the economic conditions and opportunities as well as the implementation measures a city will to reach its objectives.

### ***What should the community objective be?***

That's up to the community. Generally speaking, cities get involved in economic development activities to capture a share of the positive economic opportunities they see or to take specific actions to respond to local economic decline with repairs or substitutions to the local economic base. More specifically, the community objectives

should identify the resources, policies and leadership the community wants to invest to prepare its infrastructure, work force and land supply. The EOA may look at all types of employment activity and employment land—this is required when the work is part of periodic review. Sometimes a city will do a focused EOA for a specific reason such as to designate industrial land that has special characteristics. Refer to the guidebook companion document of ideas from a variety of perspectives.

### ***Why does a city have to do this much work?***

The Goal 9 administrative rule specifies that the effort required will vary depending upon the size of the city, the detail of previous economic development planning efforts, and the extent of new information on national, state, regional, county, and local economic trends. A city's planning effort is adequate if it uses the best available or readily collectable information.

### ***Why is this so confusing?***

Even though state government is now required to use plain language, old habits are hard to break. There are a number of specialized terms that government employees use and the ideas are too often abstract. Documents are written for a general audience, so care is taken to avoid anything that might be misunderstood as a trap, a loophole, a requirement or a rule.

### ***In plain language - how does a city do an EOA?***

Gather some info, keep good documentation, make some decisions, write a report and approve the findings. The community objectives, the basic facts, and the trend analysis will suggest some opportunities. The opportunities should suggest what kinds of sites are needed. There will be a lot of variety among the sites, so combine them into a few useful site categories. Attach site criteria to the categories. The categories will be used for the inventory analysis, the redevelopment analysis, the land management policies and perhaps the UGB analysis. The city will decide what fully-served short-term land supply is needed today. The city will decide what the replenishment program will be, most often with a capital improvement plan: that's the 20-year supply. The city will also decide how it will know when it is time to update the land supply again. **Update for Woodburn.**

### ***These issues are tough. Does a city have to do this alone?***

Of course not. DLCD and all our partner state agencies have staff and other resources available to help cities work through these issues. The regional councils of governments [COGs] are extremely valuable. There are many good reasons to partner with the county and other cities in the region. Much of the background data applies to the region even though each city will work out its own objectives. It is especially important to partner with the local port and other economic development agencies such as the EDA.

### ***Why does land use block economic recovery?***

That is not the intention although planning efforts are vulnerable to appeal especially by organized advocacy groups. Oregon's land use program requires that cities provide an adequate supply of suitable sites for employment purposes. Employment opportunity and

economic development are not about raw land, but they are very much about infrastructure, work force and community preparedness. These things can be difficult and expensive. The planning process and the EOA are intended to help cities make prudent decisions and wise investments to provide land for employment activities to support the local opportunities and objectives.

### ***Are cities trapped by historical employment trends?***

Some cities do the analysis based on existing employment trends. This is an excellent choice when the community objective is to make qualitative adjustments or modest quantitative adjustments to the land supply, or when the community wants to closely track the regional employment conditions.

In all other cases, historical employment trends are informative but not determinative. The purpose of the EOA is to analyze the forces influencing the long range economic conditions and to identify the implementation policies the community will use to achieve its vision. Many cities are seeking to ‘bend the curve’ of recent trends and want to identify a series of actions to help accomplish this objective including modernizing the land supply.

### ***What is an adequate factual basis?***

Although this term can seem vague and subjective, as a practical matter it means write findings supported by evidence. Writing good findings can be something of an art, but in general, explain the land supply logic step-by-step as if to an 8<sup>th</sup> grader. Refer to the facts [fact pattern] in the analysis reports. Make each step in the logic a separate finding. The form is usually something like “We [city or council] find that [step in the logic] because of [X, Y, Z]. A cross-reference between findings and assembled facts in the report makes review easy, which is to the city’s advantage. Many DLCDC remands direct the city to write better findings, rather than start over or do something else. Connect the dots from the community objectives, the review of trends and the facts on the ground to the findings that determine the needed land supply. It is especially useful to do a cost-benefit analysis of the community objectives. Cities should work closely with the Oregon Business Development Department which has a statutory obligation to provide legally reliable trend information. **Update for Woodburn.**

### ***What does the short-term land supply mean?***

The Goal 9 administrative rule contains official definitions. The short-term land supply is the most important for economic development because it is land that is ready and available for employers seeking a place for expansion or location. The quality and quantity of the short-term land supply is the key policy decision cities make to determine the employment land supply. Short-term land means land ready for building construction within one year. It means land that is readily connected to all infrastructure systems that must have adequate capacity available. The short-term land supply means all the land within the UGB that is ready to be served. The most effective employment land supply programs will concentrate on making the short-term land supply ready from a market perspective, and manage the remainder of the total land supply as land in various stages of being made ready for development.

### ***What does the total land supply mean?***

The Goal 9 administrative rule contains official definitions. It is best described as the supply of sites being made ready to replenish the short-term supply as development occurs. It is not an allocation granted by DLCDC that cities have to maximize or lose. The term ‘total land supply’ is often used interchangeably with the 20-year land supply. By rule, it means an adequate supply of suitable vacant and likely-to-redevelop developed land available for the 20-year planning period. It includes the short-term supply, as well as other employment land inside the UGB in various stages of being made ready for development.

### ***What is employment land?***

Employment land is a term that most often means land zoned for industrial, commercial and institutional use. It includes any land in the UGB being designated to accommodate jobs. It does not include residential land even though many jobs take place there. Some institutions such as churches and schools are often allowed on residential land and should be part of the residential land analysis.

### ***What should be done with unsuitable existing employment land?***

This is typically referred to as a legacy zoning problem. It includes sites that were suitable for use of a now defunct industry; sites that were designated for employment without a clear grasp of actual development potential; sites that are no longer viable as employment sites because of nearby land use changes. Determine the extent of the issue. Are there large sites, or many sites? If so, it will be worthwhile to use the EOA to analyze the situation and establish appropriate land supply policies. Most of these sites will find a future use with an actively managed redevelopment program that may include rezoning<sup>2</sup>. A brown field site is not automatically an unsuitable site, although it may be unsuitable for certain uses, or not available as part of the short-term supply. Unfortunately, many cities have zoned industrial land that is unbuildable [e.g. floodways and regulatory wetlands], unmarketable [e.g. encroachment, rail crossings and school zones] or unfeasible [e.g. ‘upside-down’ residual value analysis].

### ***Does an EOA have to be difficult and expensive?***

The complexity of the EOA should match the complexity of the existing conditions and the extent of significant change envisioned by the community objectives. Larger cities and MPO’s are good examples of more complex situations that will require more complex and expensive planning efforts.

It is considered a low-cost best practice to do the work in phases. A modest early phase would focus on qualitative adjustments to the land supply. That would be followed by non-EOA projects to modernize the zoning and development code, with special emphasis on transportation, the central business district and affordable locations for a variety of small businesses in different stages of their business plans.

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<sup>2</sup> Unbuildable, unfeasible and unmarketable employment land is typically removed from the UGB or down-zoned. Cities may want to downzone or trip cap unsuitable sites in conjunction with other up-zonings for TPR analysis.

### ***Can the EOA recognize the cost of deploying infrastructure?***

Cities should consider the cost of deploying infrastructure as part of the community objectives and trend analysis before deciding how much employment land is adequate and should be designated. There are also circumstances where cities want to make a more detailed site-specific analysis of infrastructure deployment. Despite its obvious importance, including the site specific cost of infrastructure in the EOA analysis is an advanced technique to be avoided if possible because it complicates the analysis. This analysis will include a residual value analysis for all sites in a category<sup>3</sup> including all vacant, potential redevelopment and potential expansion sites. The analysis must address the potential of limiting supply to drive up land values [achievable rents] high enough to make the residual value greater than zero. It should be noted that a residual value analysis will often tend to discourage industrial land designation because of lower land values and higher public infrastructure subsidies. An adequate supply of industrial land is vitally important for both jobs and tax base; solving this conundrum is a key strategic city policy decision.

### ***How can a city provide a market choice of employment land?***

According to the Oregon Business Development Department, providing for a market choice of employment land is an important and necessary part of an economic development strategy. The land use program is designed to provide an adequate supply for the 20-year planning period, and constrain excessive UGB expansions. The administrative rule strongly encourages a city to adopt a policy objective to provide a competitive short-term supply of employment land.<sup>4</sup> A city with this policy objective may provide a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses. It is important to note that this approach permits a city to provide a large supply of sites in the ready-to-serve short term supply; this approach does not permit a subsequent simple multiplier to determine the total land supply. **Update for Woodburn.**

### ***How can any of this work with the TPR?***

The transportation planning rule [TPR] mandates that when a city makes zone changes or changes to allowed uses<sup>5</sup> the needed improvements must have an implementation plan that will deliver the improvements within the planning period. This makes economic development planning difficult because while planning is supposed to be far ahead of development to encourage preparedness, improvements are required to have an identified funding source before there is a developer with financing available. There is considerable pressure to change the TPR to enable economic recovery. ODOT and DLCDC are working on revisions to extend the time by which the improvements must be completed. One funding strategy is to establish an improvement district to allocate costs to more beneficiaries of the facility. In this way the funding mechanism is provided to satisfy the TPR.

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<sup>3</sup> See the land categorization section.

<sup>4</sup> See OAR 660-009-0020(1)(a) and 660-009-0005(10).

<sup>5</sup> Transportation planning is beyond the scope of this guidebook.

## ***What should cities within Metro do with an EOA?***

Metro is exempt from Goal 9<sup>6</sup>. Cities within Metro are subject to Goal 9, and must comply with the goal and the administrative rule. Even though the UGB is managed by Metro, each city manages its own employment land supply to be efficient and effective. Cities within Metro must adopt short-term land supply policies. Cities within Metro will focus their work on providing infrastructure for the short-term land supply, a redevelopment program, zoning adjustments and development code revisions.

## ***Will the EOA get appealed to LUBA?***

Too often. Oregon's land use program is designed to include and empower citizen participation. The administrative rules are intended to inform a good faith planning effort, but create many avenues to appeal. A solid community involvement program early in the process will help minimize the likelihood that a participant will appeal to LUBA or LCDC. Of course, there are special interest organizations that may wish to challenge land use, revenue or any other city decision. Sometimes, specific stakeholders want to ensure an outside review of the local decision. Providing frequent modern land use and community development training for the local planning commission and city council is a good way to reduce the risk of appeals. One purpose of this guidebook is to provide guidance and best practices to improve the process and the results for cities that use them. DLCD staff can offer a variety of assistance when they are included early enough in the city's efforts. It may be increasingly necessary to 'venue shop' by organizing the EOA process to be reviewed by DLCD and LCDC if appealed. **Update for Woodburn.**

## ***What happens when the EOA is done?***

A completed EOA is usually adopted by reference into the city's comprehensive plan. Implementing the changes may include updates to the zoning map or development code. Adjustments to the UGB may be indicated – if so the end of the EOA process triggers the beginning of the UGB change process. The normal notice and process requirements must be met. DLCD staff will be happy to advise and assist the city. For example, cities may wish to consider adopting the EOA and any changes to the UGB as a package, in the manner of periodic review, rather than exposing a standalone EOA adoption to LUBA appeal.

## ***How long will the EOA be valid?***

A good EOA will tend to be stable and be less likely to require frequent major revisions. It is expected that even a good EOA will need to be updated from time to time, to reflect changes in conditions, changes in policy, or to replenish the land supply. Cities are most likely to do updates as part of the standard periodic review cycle, or about every 5 years. A city should focus its attention on the immediate land needs and adjust the land supply as needed with updates to the EOA.

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<sup>6</sup> See <http://www.oregon.gov/LCD/metro.shtml>. The Land Conservation and Development Commission (LCDC) considered a portion of Metro's (Portland) Periodic Review Task 2 regarding the inclusion of additional employment lands at LCDC's November 2004 meeting.

It is typical for a city to produce an EOA that establishes a static land supply for the planning period, and to do an update as needed. Although it will be more complex and more expensive, it is possible for the EOA to establish a dynamic employment land supply program that replenishes important portions of the land supply as it develops. This dynamic approach is not recommended, and cities that wish to explore the concept should work closely with DLCD well in advance. The advantage of a dynamic land supply is a more compact UGB that includes land only as needed; the disadvantages include the cost and complexity to design and manage the program, the difficulty of anticipating future requirements and the difficulty of planning major infrastructure investments.

***What are the key policy choices a city has to make?***

There are a few fundamental policy choices the city should or must make as part of a successful EOA. **As a matter of rule a city must decide... As a best practice...**

***What are the most important parts of a good EOA?***

The community objectives and implementation measures are the most important to the city and citizens. These along with the other key EOA elements when done well will create a meaningful, useful EOA result that will meet the necessary compliance standards in the land use program. **Update for Woodburn.**

## Key EOA elements that most affect the results

Certain sections of an EOA are critical to produce meaningful results for the. The following contain compliance and DLCDC review standards to better define what to do and what to expect. There are also commentary and best practice suggestions. See also the key policy decisions section in the FAQ.

### ***Community objectives***

Commentary: The community objectives section of the EOA defines what the city intends to do and why it wants to do it. This is the first of the series of policy decisions that determine the employment land supply, and the most important. The community objectives define the scope of the analysis and findings necessary to support the resulting land use decisions. In practice, the community objectives may be iteratively informed by the review of trends and any other analyses. The community objectives section establishes the basis, extent and limits for the series of policy decisions documented in the EOA that determine the total supply of employment land.

Compliance: Established by a local public policy process.

DLCDC review: Establishment of community objectives must be a form of locally supported public policy process. Extensive public engagement is optional. Local policies must be consistent when adopted although the EOA may, and in many cases should, explore alternative land supply policy choices in context with other existing policies and potential policy changes.

Best practices: Consider different methodologies for the key EOA elements and understand the impacts of the choices. It is worthwhile to gauge the public willingness and ability to finance additional infrastructure to attract and support economic development. It is important to define and develop 'infrastructure' in a way that includes civic organizations, quality governance, housing stock, good schools and livable cities. Clear and consistent community objectives will make the EOA more useful and cost-effective.

### ***Review of trends***

Commentary: The review of trends is intended to be a broad gathering of facts to be considered by the city about the likely success of the community objectives. The world is messy so this is definitely expected to be a mixed message, not just the positive. Later in the process the findings will summarize what trend information the city considered and what it concluded. A good EOA will contain a lot of information to help develop the local economic development strategy. The review of trends section should contain enough information presented in such a way that a reasonable person can answer the question 'Why did they do that?' regarding the determination of the total land supply. Land supply decisions must have a basis in a fact pattern established mainly in the review of trends. The purpose of the review of trends is to explore the significant influences that affect the long range local economic conditions and the likely success of potential

implementation actions. The necessary scope of the review of trends is established by the community objectives. The data standard is best available information. The review of trends may include an employment forecast but it is not required to be the basis of the planning work or the resulting land supply<sup>7</sup>.

In general, cities should include a review of existing develop conditions including the quality of the site supply, the infrastructure capacity and costs to expand infrastructure capacity. Cities should review changes in development practices and development finance. Cities should review population demographic, workforce participation and commuter patterns. Cities should investigate trends affecting opportunities for business retention, expansion and recruitment. Cities seeking to bend the curve of local employment trends should investigate the local investments, policies and leadership that will be necessary. Specialized community objectives will require a reasonable investigation of relevant trends.

State law provides that the Oregon Economic Development Department, now called the Oregon Business Development Department, will supply state and regional trend information for use by cities doing an EOA.<sup>8</sup> This is expected to become an increasingly important legally reliable basis for economic development planning efforts. Cities are advised to contact the department early when contemplating a new EOA. **Update for Woodburn.**

Compliance: The EOA must include a review of significant trends that the city expects will affect the local economy and the development of employment land. Adopted land supply findings must refer to a fact pattern in the key elements of the EOA, especially the review of trends. ORS 197.717(2) provides that the Oregon Business Development Department may provide reliable trend information.

DLCD review: The DLCD review will look to see that a reasonably broad base of facts has been gathered and considered. The scale and scope of the review of trends is relative to the scale and scope of the community objective. The intent of Goal 9 is to provide land for employment that can be increased as needed. The scope of the review of trends is sufficient when it is consistent with the scope set by the community objectives. The findings and decisions affecting the quality or quantity of employment land must refer to a fact pattern established mainly in the review of trends.

Best practices: Make the review of trends easy to review and approve by cross-referencing to the findings. Cities should do basic land use and development monitoring by capturing and analyzing relevant data from the permitting process.

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<sup>7</sup> LUBA 2008-186 is commonly referred to as the Donald decision. The department believes that LUBA read OAR 660-024-0040(5) incorrectly when deciding that text that says “*Employment land need may be based on an estimate of job growth over the planning period*” means **must** or **may only**. The department was not party to this decision, and will not apply it to EOA reviews. In the near future the department may clarify the rule – that doesn’t mean it must! By whatever method a city determines the total land supply it should then create an employment projection to satisfy the Donald decision if a UGB change is proposed.

<sup>8</sup> ORS 197.717(2) **Update for Woodburn.**

## ***Land categories***

Commentary: The selection of the employment land categories that will frame the EOA analysis is crucial to a meaningful result and to a successful review. Characteristics of suitable sites, the inventory of existing sites and the redevelopment analysis should all be consistent with the locally defined land categories.

Compliance: Land category definitions are local policy choices. The inventory analysis, the redevelopment analysis and any UGB adjustment must be consistent with the identified land category definitions. Use of land categories requiring special site characteristics requires city policies for managing the land supply for the intended use.

DLCD review: Check for consistent use of land categories across all key EOA elements. Land categories that require special site characteristics must have policies that protect them for the intended use.

Best practices: Choose land category definitions that are aligned with the community objectives and facts on the ground. Avoid use of traditional zoning codes or locally targeted industries as land categories in the EOA. A UGB adjustment proposal will be strongest when the policies protecting sites with special characteristics are applied to all identified sites in the category including existing vacant and redevelopment sites.

## ***Suitable site criteria***

Commentary: Division 009 defines suitable.<sup>9</sup> It is important to distinguish and keep separate the similar sounding concepts of suitable site criteria, the buildable land inventory and the Goal 14 location factors. Buildable sites are not constrained by physical constraints such as slopes, floodways, and regulatory exclusions such as wetlands and floodways. The buildable land inventory is a requirement of a city's housing analysis although it is useful for employment land planning. Suitable sites provide the appropriate characteristics for the intended use.<sup>10</sup> Suitable site criteria have the effect of reducing the set of potential sites that will be considered by a Goal 14 location analysis if a land deficit is identified and UGB expansion proposed. A critical site criterion may eliminate a site from the set of suitable sites. All suitable sites, however, must be considered in the Goal 14 location analysis, which balances the location factors.<sup>11</sup>

Compliance: Suitable site criteria must be reasonable and relate to the usability of a site from a market perspective. The suitable site criteria should be consistent with the land categorization definitions. The criteria must specify what characteristics the site should possess, not where the site should be located. Cities that adopt a policy objective to provide a competitive short-term land supply may specify site criteria that significantly increase the marketability of the land supply.

DLCD review: Be sure that the suitable site criteria are not location factors under Goal 14. For example, unimpeded access to a freight route is a suitable site criterion, as is

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<sup>9</sup> "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use. OAR 660-009-0005(12).

<sup>10</sup> See the land categories section. The suitable site analysis should be consistent with the land categorization definitions.

<sup>11</sup> Goal 14 location analysis is beyond the scope of this guidebook. **Update for Woodburn.**

visibility from a freight route. Adjacent to or near a freight route is a location factor. Suitable site criteria that are not physical site criteria should refer to findings based on the review of trends exploration of market practices. Cities that adopt a policy objective to provide a competitive short-term land supply may specify site criteria that identify sites that are preferred not merely usable.

Best practices: Refer to the site category section. The most effective employment land plan will choose strategic land categories with sensible suitable site characteristics for each category which will in turn suggest the necessary land management policies.

## ***Redevelopment***

Commentary: It is mandatory to estimate the extent that redevelopment of existing sites will be part of the total land supply for the planning period. It is a crucial policy decision to establish how this determination will be made, both for compliance and local policy impacts.

Compliance: The total land supply determination must include developed land that is identified as likely to redevelop during the planning period as part of the inventory analysis.

DLCD review: The redevelopment analysis must be consistent with the selected land category definitions. If the EOA documents the existence of a local actively-managed redevelopment program that has been adopted into the comprehensive plan the intended program results over the planning period may form the complete basis of the redevelopment analysis. If no actively-managed redevelopment program is documented, the EOA must assemble an adequate factual basis for evaluation of non-vacant land likely to redevelop during the planning period. The EOA must document the facts, analysis, and consistent findings.

Best practices: Estimate redevelopment by referring to the intended results of the local actively managed redevelopment program, which may include one or more techniques such as urban renewal districts, up-zoning, and certain public investments.

## ***Inventory***

Commentary: Assemble an inventory of vacant and developed [likely to redevelop] sites within the current UGB. The administrative rule contains official definitions of vacant and developed, and specifies other requirements for the inventory. The most troublesome is awkwardly named developed sites that means non-vacant sites that are deemed likely to redevelop during the planning period. The administrative rule provides no guidance on how to determine what is likely to redevelop. Refer to the redevelopment sections in this guidebook.

***Compliance:***

***DLCD review:***

***Best practices:***

## ***Economic development potential***

Commentary: The administrative rule directs cities to make an informed policy decision to estimate the amount of employment uses and the supply of employment sites necessary to meet the community objectives.<sup>12</sup> This is how the city determines the total land supply.

Compliance: There must be an adequate factual basis to support a reasonable policy decision. Cities that base the planning on an employment forecast must estimate the land supply requirements in a way that is consistent with the forecast.

DLCD review: The community objectives, the factual basis and the assessment of economic development potential must be consistent.

Best practices: It is a vitally important best practice to establish a fully serviceable short-term employment land supply that is ready for development from a market perspective, and use that as the basis of the total land supply determination. In this way the total land supply becomes the land being made ready as development occurs on the short-term ready sites. Cities should assess their economic development potential in terms of the investments the city will make in the short-term to make sites ready for development.

## ***Short-term land supply***

Commentary: Although there are exceptions provided in the administrative rule, in general the short-term land supply is expected to be 25% of the total land supply. Cities within MPO's have additional requirements. The short term supply is best described as the needed inventory of sites to provide an adequate supply of suitable sites by category ready for immediate development. The short term supply is what matters most for economic development and employment land planning. Cities should first decide the quality and quantity of the short-term land supply it will provide when determining the total-land supply.

Compliance: Cities within MPO's are required to adopt policies to manage the short term supply of land. It is an optional best practice for other cities. The policies must include detailed strategies for preparing the total land supply for development and for replacing the short-term supply of land as it is developed. These policies must describe dates, events or both, that trigger local review of the short-term supply of land.

DLCD review: The detailed strategies and policies for preparing the total land supply for development must include detailed strategies for preparing the total land supply for development and for replacing the short-term supply of land as it is developed. These policies describe dates, events or both, that trigger local review of the short-term supply of land.

Best practices: It is a vitally important best practice to establish a fully serviceable short-term employment land supply that is ready for development from a market perspective, and use that as the basis of the total land supply determination. In this way the total land supply becomes the land being made ready as development occurs on the short-term ready sites.

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<sup>12</sup> OAR 660-009-0015(4), 660-009-0020(1)(a).

## ***Total land supply***

Commentary: This is best described as the needed inventory of sites for an adequate supply of suitable sites by category for the 20-year planning period. See the section on the variety of ways available to determine the appropriate total land supply. The total land supply is intended to provide sites to replenish the short-term supply as development occurs. The detailed strategies and policies for preparing the total land supply for development must make it possible for the land to develop for the intended use, and it must be reasonably likely that the land will develop for the intended use. In effect, this means that there must be an adopted public facilities plan that can deliver infrastructure and not unreasonably cost burden the end use. For industrial land this usually means some level of public subsidy<sup>13</sup> to achieve an important public purpose.

Compliance: The administrative rule defines the total land supply. The determination of the total land supply must be reasonable and have an adequate factual basis.

DLCD review: The total land supply determination is a finding that must refer to a fact pattern established primarily in the review of trends section of the EOA. The total land supply should provide a reasonable supply of sites to replenish the short-term supply as development occurs. It should be consistent with the scale of the short-term supply and the public facilities plan to provide infrastructure.

Best practices: It is a vitally important best practice to establish a fully serviceable short-term employment land supply that is ready for development from a market perspective, and use that as the basis of the total land supply determination. In this way the total land supply becomes the land being made ready as development occurs on the short-term ready sites.

## ***Implementation policies***

Commentary: The administrative rule contains a policy structure for cities that aspire to aggressive growth in the supply of employment land.<sup>14</sup> There must be commitments to provide a competitive supply of sites and facilities. It is not just a matter of moving the UGB to encompass more raw land. Refer to the companion document for more information about implementation policies.

Compliance: The implementation policies should contain policies to manage the short-term supply of land; this is required for cities within an MPO. Sites with special characteristics should be protected to maintain the characteristics; this is required for sites brought into the UGB for that purpose. Cities that aspire to aggressive growth in the supply of employment land must adopt local policy commitments to provide a competitive land supply and facilities.

DLCD review: Cities expanding the UGB for employment land must include a policy framework consistent with the community objectives. This may include commitments to provide competitive sites and services, brown-field redevelopment, prime industrial land and a variety of implementation tools to develop raw land into ready sites.

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<sup>13</sup> i.e. System development charges that cover less than the full cost of off-site infrastructure improvements.

<sup>14</sup> OAR 660-009-0020(1).

Best practices: The administrative rule strongly encourages cities to make significant infrastructure investments to provide an adequate supply of ready employment land. It is not just a matter of moving the UGB to encompass more raw land.

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## How to determine the total land supply

The administrative rule directs cities to make an informed policy decision to estimate the amount of employment uses and the supply of employment sites necessary to meet the community objectives.<sup>15</sup> The city's planning work is intended to explore options and assemble an adequate factual basis to inform the policy choices that determine the total land supply.

While there are perhaps an infinite number of ways to do an EOA, assemble a factual basis and arrive at a determination of the total land supply, there are a few basic approaches: calculation, policy determination and DLCD short form. Elements of all may be present in an EOA but it must be clear how the total land supply determination was made. Extraneous details tend to confuse the analysis and complicate the review.

### ***Calculation of the total land supply***

The traditional method is to calculate the total land supply by referring to or developing an employment forecast and then by some means converting it into a land demand. Other calculation methods could include coordinated population or some other benchmark as the starting point, and then by some means converting it into a land demand. To do this certain assumptions will have to be made; the review will check that they are explicit and reasonable. Conversion factors such as employees per acre should be approximately standard numbers, or it should be clearly identified how they were obtained. Although not held to an unreasonably high level of precision the math should be accurate and consistent. Although it is a best practice to use modern and even future assumptions about design density when calculating the total land supply, the review standard is current local successful development<sup>16</sup>. Use of employment density as a planning metric is not recommended because it leads to a number of nonsensical results, especially for industrial uses. The local demographics, employment forecast & employee density method is very useful to estimate the needed floor area<sup>17</sup> of commercial development.  
**Update for Woodburn.**

### ***Policy determination of the total land supply***

This preferred method looks at the totality of assembled facts and influences, and uses a public process to answer a set of questions as a local policy determination. The questions should at least include: what is an appropriate land supply to have ready, how will it be

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<sup>15</sup> OAR 660-009-0015(4), 660-009-0020(1)(a).

<sup>16</sup> See OAR 660-000-0015(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth *based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion.* Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.

<sup>17</sup> Land area demand will largely be determined by land values [achievable rents] influenced by location, amenities, transit and the parking program. There is a market component that influences practical floor area ratios [FAR].

categorized, how will it be managed, how will it be replenished, how will reuse of existing sites be managed, and when does enough land in the UGB become too much land in the UGB? It is important that the policy determination consider the cost of providing services and the external regulatory framework that limits the impact on certain kinds of infrastructure and natural systems [e.g. state highways, sewer outfalls]. It is considered a best practice to focus the analysis on a determination of the short-term fully-served ready land supply assessed from a market perspective, and to create a long-term land supply program for replenishment of sites as development occurs. This method should adopt short-term land supply policies including the triggers for regular re-evaluation of the land supply. The policy determination method is generally useful and it is very useful for traded-sector industrial analysis.

### ***DLCD short forms***

DLCD may provide one or more easy to use short form total land supply determinations applicable in specific circumstances; all public notice, process, review and possible appeal provisions still apply. DLCD short forms are intended to be low-cost methods to assemble an adequate factual basis to achieve modest land supply adjustments in cities outside of MPOs.

## **Specialized community objectives, trends and difficulties that may affect the land supply determination**

Cities working on these specialized issues should contact DLCD early in the planning process. **Update for Woodburn.**

### **Benchmarking**

The idea of benchmarking is that a city may want to emulate successful practices it sees elsewhere in the state. Land supply analysis is complicated by the need to make apples-to-apples comparisons. This would typically require an adjustment factor based on the coordinated population. With this adjustment, a city would closely approximate the quantity of land [suitable employment acres per person], or it could use the balance of supply in various land uses [percent of UGB zoned for employment], to determine its own land supply.

### **Tax burden balancing**

Tax burden balancing seeks a sustainable tax base by balancing the proportion of employment land with the proportion of residential land. Any EOA with this objective must take great care to explicitly eliminate the tendency toward unreasonable extremes. Benchmarking is one method to establish reasonableness. The other is to establish the balance point at the state or regional mean or median. This will allow cities to move up toward the middle.

### **Predominant 2<sup>nd</sup> home cities**

Cities with too many 2<sup>nd</sup> homes in the residential mix have difficulty supporting needed retail services, financing infrastructure and funding school improvements. This can make commercial development planning problematic as well as cause a number of practical local problems. It is probably most important to note that employment land planning need not be proportional to population.

The generic economic development planning objective is usually to enable and attract lone eagle entrepreneurs into the central business district, small light industrial parks and home offices. Telecommunications, design standards and flexible use zoning are worthwhile investments. Urban renewal and TGM planning grants can help provide resources. These attractive lifestyle and retirement cities can attract businesses that do not place heavy transportation requirements on systems typically near capacity.

### **Satellite cities**

Cities near major employment and retail centers tend to become weighted with residential consumers of resources relative to the tax base provided by employment land. There is a tendency to try to exploit the commuter pattern with highway or strip retail which often runs into transportation planning difficulties.

The generic economic development planning objective is to capture more of a share of the regional activity. A good starting point is to conduct a work force analysis to determine the skills and industries represented in the commuter pool and an industrial and commercial real estate analysis to identify competitive opportunities. Then find ways to adjust or improve the employment land supply to exploit key niche opportunities. In short, figure out who is motivated to relocate into the city and make it easy for them to do so.

### **High wage**

It is typical for cities to seek more high wage or family wage jobs as the primary community objective. It is a fine goal, but it is hard to translate into achievable action steps. From an employment land planning perspective, it is important to focus on the local assets that could attract businesses [e.g. skilled workforce, cheap power] and then determine what would be an adequate supply of suitable sites to have ready for the likely opportunities. An EOA focused on improving the quality and the readiness of the site supply, and associated land management policies to protect high value sites is recommended.

### **Land banking**

Land banking is one of the most difficult issues to resolve. On one hand the land is capable of development and it is feared that ignoring it will cause unnecessary expansion of the UGB. On the other the land may be truly unavailable for development during the planning period. On the third hand [this is land use after all] many of the most desirable companies will not consider a site that does not include sufficient extra land to meet long range business plans. It may take legislation or a ruling from the court of appeals to add light to the heat of this issue. The Oregon Business Development Department may provide trend information that can be used as a planning standard. Meanwhile, cities may resolve most of the EOA technical issues by establishing a competitive short term supply policy<sup>18</sup>, defining land categories to provide and protect sites with special characteristics, and taking a policy determination approach to the total land supply.<sup>19</sup> It is expected that land banking will continue to attract scrutiny from all land use advocates.

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<sup>18</sup> OAR 660-009-0005 (10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

<sup>19</sup> In other words, do not use an employment forecast and employees-per-acre methodology.

## Choose useful land categories

### ***Framework for suitability criteria, inventory, redevelopment***

To simplify the land supply determination, the administrative rule provides that cities may group employment uses and site types into categories. A land category is just a useful descriptive name that groups mostly similar items together. Cities that do not use a system of categories may have to analyze dozens of site types and employment uses in a way that quickly becomes too complex to inventory or designate meaningfully.

So it is useful to analyze the land supply in some systematic way such as in broad categories. Choosing the right categories will help align the land supply with the community objectives, simplify the inventory analysis and will suggest the necessary land management policies. Sites within a category will have the characteristics that determine it is likely to develop for the intended use. There are no one-size-fits-all category definitions that are required. The choice is an important local policy choice because it provides the strategic framework around the inventory, redevelopment and any UGB analyses.

### ***Example***

The categorization definitions should reflect the city's circumstances and objectives. One particularly useful set of categorization definitions is by general, high value and unique attribute employment land categories. This simple structure builds in flexibility for the bulk of land that makes up the employment land supply in most cities. It also anticipates that some cities will want to designate and manage employment land with special characteristics. Land brought into the UGB for its special characteristics must be managed for the intended use or to preserve the characteristics that justified its inclusion.

General employment land – the most flexible employment land category. It includes land that is zoned for a variety of employment uses such as industrial, commercial and institutional. There will be a variety of site sizes and locations. Some may be legacy sites that lack important characteristics or are constrained in some way that reduces modern market interest. General employment sites may be best suited for a mix of uses depending on the local context. It is worthwhile to set a few minimal suitability standards for the general employment land category to get the junk out of the inventory. For industrial uses this may include access to freight routes via arterials that do not pass through school zones or unsignalized rail crossings at grade.

High value employment land – land with special characteristics that make it highly valuable as an employment development site. This includes sites that are appropriately sized, shaped, flat, dry, buffered, accessible, proximate, visible, assembled and available. It also may include sites with significant public investment in infrastructure to serve employment uses. It should be managed and protected for the intended use; this is required if a UGB is expanded to include this category of land. That means enforceable local policies to protect the identified characteristics that made the sites high value employment land.

Unique attribute employment land – employment land with unique, valuable or difficult to replicate attributes important to particular uses or users. This includes sites near port access, rail sidings, high capacity power and gas, existing uses or specialized work force. Unique attribute employment land may also be high-value employment land, or not. It should be managed and protected for the intended use; this is required if a UGB is expanded to include this category of land. Unique attribute employment land is land that meets the OAR 660-009-0005(8) definition of “Prime Industrial Land.”

### ***Keep it simple***

It is usually best to keep the categorization definitions as simple as possible otherwise additional complexity is added to the inventory analysis, the redevelopment analysis, any UGB analysis, and the required land management policies. Some cities will want to add categories for the central business district and transit nodes to their categorization definitions. Some cities may find it useful to create a ‘likely to redevelop’<sup>20</sup> category to simplify the required redevelopment analysis. Some cities will want to choose different category names that have more local meaning. The categorization definition design should be driven by the city’s strategic vision of how it wants to provide and manage its employment land supply

In the past it has been typical for EOA’s to categorize land uses by broad zoning classes [e.g. industrial, commercial, residential], slightly more refined versions [heavy industrial, light industrial, commercial office, commercial retail] or target industries [e.g. distribution, manufacturing]. These definitions are not recommended as land categories in the EOA because they tend to reduce flexibility and increase exposure to appeal<sup>21</sup> although they are still useful for zoning. And it should be noted that getting the language right is important in many cities and it aids the review. Heavy industrial is still a meaningful term but many industrial zone names conjure up old images and restrict new uses inappropriately.

### ***Remember***

An important point to remember in the example above is that high value and unique attribute lands may be different for different uses and in different cities. It is useful to align the land categorization definitions with the city’s circumstances and strategic objectives so that the site suitability, site inventory and land supply analyses produce meaningful results.

It is required that land added to a UGB to provide sites with special characteristics must be protected for that use and may not be converted to other uses. A thoughtful set of categorization definitions tied to suitable site criteria will directly suggest the kind of land management policies that should be implemented in the zoning and development code. These management policies become a tangible and enforceable expression of the community’s values and economic development strategy.

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<sup>20</sup> A likely to redevelop land category would typically draw districts where 50% of the included sites were deemed likely to redevelop for a variety of reasons including lot coverage, improvements to land value ratio, under-utilization, owner interest, public investment or any other identifiable reason.

<sup>21</sup> When land categories are too specific, the plan may be too rigid for the surprises of community development. A city decision that runs counter to the adopted plan is vulnerable to appeal.

## Estimate redevelopment potential

### ***Compare demand to supply from redevelopment***

The employment land inventory is required to include both vacant land and developed sites likely to redevelop during the planning period<sup>22</sup>. The inventory should identify sites that are part of an actively managed redevelopment program if one exists. If an actively managed redevelopment program does not exist, each site will have to be evaluated for its potential to redevelop during the planning period.

An actively managed redevelopment program has a locally approved plan with objectives; tracks data at the appropriate level [e.g. subarea/tax lot, subarea/utility billing]; tracks use of public resources; evaluates progress and measures results. An urban renewal district is an optional form or component of an actively managed redevelopment program. Cities without an actively managed redevelopment program may be at a disadvantage for generating revenue from existing infrastructure. Cities may wish to form co-ops or use their council of governments [COG] to help manage an active redevelopment program.

The alternative for cities without an actively managed redevelopment program is either some kind of rule based formula, or a policy based decision, both of which have come under increased scrutiny. In essence, both methods will attempt to evaluate sites to determine whether the sites are zoned for their highest and best use. Care must be taken to analyze the regulatory framework that may limit the potential for rezoning.

A rule based formula approach is a database-driven exercise for cities with access to GIS expertise and tax-lot-level information databases. The advantage of this approach is that larger cities can process large amounts of property information quickly. The disadvantage to this approach is that it typically produces results that are inconsistent and often controversial. Even though the EOA needs only an estimate, the granularity of the data invites a detailed analysis that quickly exposes both the gaps in the quality of the data and issues relating to specific properties. This method may unnecessarily consume too much time, resources and good will if not managed well.

A policy decision based approach to redevelopment analysis creates a general estimate of non-vacant land likely to redevelop during the planning period based on an adequate factual basis and analysis. This approach must document the process, the facts, and the analysis and adopt appropriate findings. It is not sufficient to just make up a percentage. A city may find it useful to create a redevelopment category in the land categorization definitions to aid the analysis and include suitable site criteria for this specialized category.

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<sup>22</sup> The requirement comes from Goal 14 which includes language such as...*Prior to expanding an urban growth boundary, local governments shall demonstrate that needs cannot reasonably be accommodated on land already inside the urban growth boundary....And...Comprehensive plans and implementing measures for land inside urban growth boundaries should encourage the efficient use of land and the development of livable communities.* Refer also to OAR 660-009-0015, OAR 660-009-0005(1) & (13), and OAR 660-024-0050(1)

A city using a likely-to-redevelop land category would typically draw districts where 50% [or some other useful percentage] of the included sites were deemed likely to redevelop for a variety of reasons including lot coverage, improvements to land value ratio, under-utilization, owner interest, public investment or any other identifiable reason. This method has the advantage of not identifying individual properties, but districts where redevelopment is most likely.

The land categorization definitions will shape how the inventory including the redevelopment analysis will be conducted. It is important to create a useful categorization framework and use it consistently. The point of the redevelopment analysis is to bolster the supply so as to limit UGB expansion, as well as the other benefits that come from redevelopment.

It may be obvious but it is worth noting that an actively managed redevelopment program covering all employment land is the highly recommended best practice approach. Of course, the various subareas and individual sites will be in different stages along the redevelopment continuum from hold to analyze to activate. It is the most tangible expression of local policy and good land stewardship, and as such will make other land supply decisions all the more credible.<sup>23</sup>

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<sup>23</sup> Read that sentence again and pay attention!

## Regional EOAs and employment land planning

A technical issue that often arises in EOA's with a regional flavor is whether there is a fixed sized demand or supply pie that must be allocated<sup>24</sup>. There are two answers. First, by default each city is autonomous and free to pursue its own objectives. Second, by agreement cities are free to make cooperative plans to improve the performance of their available resources. The department believes that the latter will become an increasingly important and desirable tool supporting local success.

Regional planning projects for employment land are typically either regional cooperative information projects that look at one or more of the components of supply and demand. They may also be regional implementation projects that establish an implementation framework that may have some combination of voluntary and required actions for the participating cities.

Occasionally there will be regional governance projects that establish formal procedures that may range from a series of interlocking IGA's, to the creation of a special delegated decision body with defined scope, to an appointed regional commission designed to create and implement policy, to an elected legislative panel with a defined set of regional resources and authorities.

In Oregon, there are ports and special districts including urban renewal districts that play a variety of roles in the employment land supply. Cities are empowered to enter into IGA's for any manner of public purpose. The legislature has created a statutory Regional Problem Solving framework to empower cooperative solutions to land use issues<sup>25</sup>. There is increasing interest in regional efforts because so many of the most difficult issues are not contained by jurisdictional boundaries.

Regional EOA information projects are intended to create a background information base that participating cities will adopt by reference and use as a basis for local employment land supply decisions. These cost-saving cooperative studies will typically focus on estimating regional demand for employment land, inventorying the supply of employment sites, and creating a common framework for site characteristics. They will typically not establish individual community objectives or implementation measures, though the project may create some common expectations and tools.

As infrastructure funding becomes less available and natural systems overload, it may be increasingly necessary for cities to engage in regional implementation or regional governance projects with their neighbors. These projects will tend to distinguish between local and regional concerns, manage benefits and burdens, and solve the decision and governance issues. Regions that do this extremely well will be at a competitive advantage with other regions across the nation.

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<sup>24</sup> This issue is often an abstract conceptual by-product of using an employment forecast as the initial planning metric.

<sup>25</sup> ORS 197.652.

## Useful definitions, metrics and rules-of-thumb

A number of terms are defined in OAR 660-009-0005. Other terms are defined here.

Actively managed redevelopment program: An actively managed redevelopment program has a locally approved plan with objectives; tracks data at the appropriate level [e.g. subarea/tax lot, subarea/utility account]; tracks use of public resources; evaluates progress and measures results. A redevelopment program may include site assembly, infrastructure improvement, new zoning, public investment and other activities. An urban renewal district is an optional form or component of an actively managed redevelopment program. Cities without an actively managed redevelopment program may be at a disadvantage for generating revenue from existing infrastructure. It is especially important to actively manage the future use of brown fields that have access to existing infrastructure services. See the companion document for more information.

Best available information: Best available information means readily available information that is pertinent and reasonably reliable. Best available information means that studies, reports, master plans and factual assemblies may be relied on even if several years old, as long as the information remains applicable. Best available information means that studies, reports and other factual assemblies that are components of a larger work in progress may be relied on. Best available information means that qualified disinterested professionals may provide their best informed professional opinion in writing, and the information and opinion may be relied on even when professional standards require the disclaimer that the information and opinion are deemed reliable but not guaranteed. Best available information means information and opinion provided by the Oregon Business Development Department and staff, including publications pursuant to OAR 197.717. Best available information does not mean lazy, fraudulent, unqualified or self-interested information or sources of information and opinion. It is the responsibility of the local legislative body to investigate, approve and adopt the information used in an EOA. Cities must find their facts and conclusions reasonably complete and reliable. Cities do not have to provide formal legal proof or show that future outcomes are certain.

Employee density: For EOA purposes cities may use high-side default values of 10/acre for heavy industrial, 20/acre for light industrial, and 30/acre for commercial [retail and office]. Local or regional data may be used. Cities outside of MPO's may use 20/acre for commercial development. Other published standard reference values may be used if the source is documented. Information from the Institute of Traffic Engineers is especially useful.

Engineering feasibility: Engineering feasibility means that the major components of the infrastructure systems are in place, have been evaluated to assure adequate system and individual site service capacity, and it has been demonstrated, through engineering and financial analysis, that the site can cost effectively be fully served with utility and infrastructure services within one year. See also best available information.

Estimate of redevelopment: The preferred method is to use the objectives of an actively managed redevelopment program over the planning period. Cities may also do an analysis to assemble an adequate factual basis to estimate the amount of non-vacant land likely to redevelop during the planning period. See also best available information.

Residual value analysis: An advanced analysis technique that illustrates whether a development project is feasible. The typical analysis will use achievable rents to value the completed project, less the cost of construction, less the cost of site preparation including required off-site infrastructure, less the cost of planning and regulatory compliance, less developer profit to determine the residual value of the land for the expected use. For EOA suitable site criteria purposes, this guidebook may establish a standard developer profit metric.

Residual value analysis metrics: An analysis that uses a Cap Rate within a 2% spread from the current local average will be considered valid. See the companion document for more discussion of residual value analysis and cap rates. The Capitalization Rate or Cap Rate is a ratio used to estimate the value of income producing properties. Put simply, the cap rate is the net operating income divided by the sales price or value of a property expressed as a percentage. Investors, lenders and appraisers use the cap rate to estimate the purchase price for different types of income producing properties. A market cap rate is determined by evaluating the financial data of similar properties which have recently sold in a specific market. It provides a more reliable estimate of value than a market Gross Rent Multiplier since the cap rate calculation utilizes more of a property's financial detail. The GRM calculation only considers a property's selling price and gross rents. The Cap Rate calculation incorporates a property's selling price, gross rents, non rental income, vacancy amount and operating expenses thus providing a more reliable estimate of value.

Single ownership: Single ownership means that sites have been assembled for development. When appropriately used as a site suitability criterion, it means there are no barriers to site assembly over the planning period. Although site ownership may constrain the site from the short-term supply, it is a best practice to address these issues as part of an actively managed redevelopment program.

## Useful web links

### Oregon Department of Land Conservation and Development

[Goal 9 text pdf text link](#)

[OAR 660 division 009 full text link.](#)

### Other sources

Oregon's Economic Development Districts  
Variety of resources, information and funding  
<http://www.oedd.org>

Oregon Employment Department  
Employment and industry trend data  
<http://www.qualityinfo.org/>

Oregon Department of Revenue  
Property Tax: Urban Renewal information.  
[http://egov.oregon.gov/DOR/PTD/IC\\_504\\_623.shtml](http://egov.oregon.gov/DOR/PTD/IC_504_623.shtml)

Association of Oregon Redevelopment Agencies  
Overview of Urban Renewal.  
Urban Renewal in Oregon: History, Case Studies, Policy Issues and Latest Developments.  
<http://www.orurbanrenewal.org/DesktopDefault.aspx?tabindex=0&tabid=297>

Oregon State Legislature  
Legislative Revenue Office  
Urban Renewal Program Under Past and Current Property Tax Systems.  
<http://www.leg.state.or.us/comm/lro/home.htm>  
follow link to publications

Oregon Business Development Department  
Financial assistance programs available through OBDD.  
<http://econ.oregon.gov/ECDD/finance.shtml>

The Trust for Public Land  
Matrix of Local Finance Tools.  
[http://www.tpl.org/tier3\\_cdl.cfm?content\\_item\\_id=1071&folder\\_id=825](http://www.tpl.org/tier3_cdl.cfm?content_item_id=1071&folder_id=825)  
written for parks but useful for all kinds of projects

Oregon Department of Transportation  
Transportation Infrastructure Bank funding information  
<http://www.oregon.gov/ODOT/CS/FS/otib.shtml>

Oregon Housing and Community Services Department  
Programs and funding overview.  
[http://www.oregon.gov/OHCS/COM\\_OHCSProgramsOverview.shtml](http://www.oregon.gov/OHCS/COM_OHCSProgramsOverview.shtml)

Oregon Department of Energy  
Business Energy Tax Credits.

<http://egov.oregon.gov/ENERGY/CONS/BUS/BETC.shtml>

Community and Economic Development Toolbox

<http://www.cdtoolbox.net/>

Federal Deposit Insurance Corporation

FDIC provides statistics by state, county and metropolitan area on economic conditions, including employment, housing, personal income, workforce, population and commodities.

<http://www2.fdic.gov/recon/>

Bureau of Economic Analysis Regional Data

<http://www.bea.gov/bea/regional/data.htm>

Council of Development Finance Agencies Some great resources about TIF financing.

<http://www.cdfa.net/cdfa/cdfaweb.nsf/pages/tifcenterheadlines.html>

International Traffic Engineers

Technical information on trip generation and parking

<http://www.ite.org/>

DRAFT

## DLCD short form EOA: Qualitative land supply adjustment

Commentary: Allows cities to increase the quality of the employment land supply by substituting suitable employment land for unbuildable and unsuitable sites in the employment land supply. It starts with the currently acknowledged employment land need, and uses site categorization and site criteria to eliminate unbuildable, unmarketable and unfeasible sites. The land supply can then be established with suitable sites by category. Cities should work with the various state agencies, especially the Economic Revitalization Team [ERT] in the Governor's Office. This analysis may be used on selected categories of land and need not do all at once. **Update for Woodburn.**

Compliance: This short form is a policy determination approach appropriate for cities which are not part of a MPO. Other cities may achieve the same objective with a traditional EOA.

DLCD review: Check that the city is not part of an MPO and has used the short form consistent with this guidebook.

Best practices: Follow the short form. Refer to the definition of best available information.

### **Method**

- Start with currently acknowledged employment land supply need.
  - For this short form EOA the acknowledged land need includes
    - Vacant zoned for employment land
    - Likely to redevelop zoned for employment land
- Create categories with site suitability and management policies.
- Allocate acknowledged land need into categories.
- Inventory vacant employment land and categorize.
- Inventory or estimate redevelopment and categorize.
- Reconcile and note any deficit.
- Adopt EOA and comp plan updates.
- Amend UGB if necessary.

## ***Fill in this short form***

### **DLCD short form EOA: Qualitative land supply adjustment**

Fill in form, create a report or assemble a tabbed binder for these topics. Attach reports or other evidence. Rewrite and expand sample text to reflect local information and circumstances.

#### **1. Assemble and attach the basic facts**

Attach city and county coordinated population. **Update for Woodburn.** Attach regional employment forecast publication available online from [www.qualityinfo.org](http://www.qualityinfo.org). Attach ODOT highway traffic counts for state highways. Attach other available information.

#### **2. Define the Community Objectives**

“The city has some poor quality employment sites that it wants to replace with better sites more likely to develop.”

What does the city want to do and why? Discuss community history, assets and conditions; willingness to accommodate change; willingness to finance infrastructure; willingness to implement finance and land management tools.

#### **3. Review of trends**

How will the following affect the city: infrastructure conditions and expansion costs; changes in employment; changes in workforce; changes in development practices; changes in development finance. Discuss the implications of the basic facts. Identify the kinds of employment and business opportunities that are most likely and for which the city wants to provide suitable sites.

#### **4. Choose site categories.**

Simple category definitions will make things easier.

- General employment land: the most flexible
- High value employment land: the point of this kind of EOA.
- Unique attribute employment land: if important to objectives. Includes port, rail and power access sites.

## **5. Suitable site criteria.**

Getting these just right is important. Adjust to reflect local circumstances.

- General employment land: Buildable sites that have access to services. Industrial zoned sites in this category are not accessed across rail crossing with no signals or through school zones.
- High value employment land: Sites that are appropriately sized, shaped, flat, dry, buffered, accessible, proximate, visible, assembled and available. Each thing included on this list will have to have a policy to protect it.
- Unique attribute employment land: Sites with unique, valuable or difficult to replicate attributes important to particular uses or users. This includes sites near port access, rail sidings, high capacity power and gas, existing uses or specialized work force. Unique attribute employment land may also be high-value employment land, or not. Each thing included on this list will have to have a policy to protect it.

## **6. Inventory vacant sites by category.**

Report site count and total acres. May group sites in any useful way.

- General employment land sites.
- High value employment land sites, if any.
- Unique attribute employment land sites, if any.

## **7. Estimate redevelopment sites by category.**

Report site count and total acres. May group sites in any useful way. See redevelopment information in the DLCD guidebook.

- General employment land sites.
- High value employment land sites, if any.
- Unique attribute employment land sites, if any.

## **8. Economic development potential.**

Explain the difference between the current and the intended distribution of land by categories and why the city wants to make that change. Identify suitable acres by category. Identify unsuitable acres. Calculate deficit. Add unsuitable acres to general employment land category deficit. See example below.

## **9. Implementation measures.**

Adopt policies to protect land brought in for special characteristics [high value and unique].

Example (sites or acres)	Refer to EOA method	I - Intended distribution	S - Suitable	D - Deficit General	Updated land supply
				I - S + U	S + D
				All other I - S	
Total land supply	100				120
General Employment Land		60	70	10	80
High Value Employment Land		20	0	20	20
Unique Attribute Employment		20	10	10	20
U - Unbuildable or unsuitable for any employment category or use. Add to general employment land deficit. Remove from UGB or rezone.			20		

DRAFT

## DLCD short form EOA: Short term land supply emphasis

Commentary: Allows cities to increase the quality and quantity of the employment land supply by focusing on the constrained existing capacity of the infrastructure to fully serve the employment land supply. This short-form EOA may result in modest zoning and UGB changes. Cities should work with the various state agencies, especially the Economic Revitalization Team [ERT] in the Governor's Office. This analysis may be used on selected categories of land or distinct sub-areas and need not do all at once.

**Update for Woodburn.**

Compliance: This short form is a policy determination approach appropriate for cities which are not part of a MPO. Other cities may achieve the same objective with a traditional EOA.

DLCD review: Check that the city is not part of an MPO and has used the short form consistent with this guidebook.

Best practices: Follow the short form. Refer to the definition of best available information.

### **Method**

- Identify typical business opportunities and the infrastructure & workforce requirements.
- Analyze the major infrastructure support systems.
  - Wastewater, water, transportation, storm water, energy, workforce.
    - May use workforce housing as a proxy for workforce composition.
  - Explain how system capacity will be determined.
  - Determine which of these systems has the least ability to serve new development today.
  - Supply the best available information to document the determination.
- Determine amount of new development that can be served today with available capacity by all systems.
  - This is the least of the list of individual systems.
  - Convert this to a land estimate.
  - This is defined as short-term supply for planning purposes.
  - May include effects of locating or restricting high demand uses.
  - Enforceable efficiency measures may also be used.
  - Implementation measures required.
  - Explain determination
- Determine total land supply.
  - If no active redevelopment program, up to 2X short-term supply.
  - With active redevelopment program, up to 3X short-term supply.
  - With additional facts and findings, up to 4X short-term supply [traditional EOA not this short form].
- Establish categories of land and suitability criteria.

- General employment – most flexible
  - High-value employment – must be protected
  - Unique attribute – must be protected
- Allocate total land supply to categories to meet community objectives
- Inventory existing vacant employment land supply by category
  - Include active redevelopment program sites
- Reconcile total land supply [demand] with inventory [supply] to determine deficit.
  - Explain determination.
  - Implementation measures required.
- Prepare Economic Opportunities Analysis report for adoption.

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**Fill in these short forms**

**DLCD short form EOA: Short term land supply adjustment**

Fill in tables, create a report or assemble a tabbed binder for these topics. Attach reports or other evidence. Rewrite and expand sample text to reflect local information and circumstances.

Major System	Most significant constraint on total system [name and type]	Remaining system capacity available for use [%]	Estimate of additional new development that could be served by system [acres]	Capacity expansion at with <u>secured</u> funding or other certainty [describe]	Estimate total additional new development using existing and funded capacity expansion [acres]
Transportation: state highways, interchanges and rail					
Sewer: plant, lifts, mains					
Water: Supply, treatment, storage, mains					
Stormwater					
Energy: transmission and distribution facility.					
Workforce composition and trend.					
<p><b>Short term land supply.</b> The smallest of the individual service capacities is the estimate of the amount of new development that can be served with all systems. Additional rows or columns may specify target industries or other complexities.</p>					
<p><b>Total land supply:</b> If no active redevelopment program, up to 2X short-term supply. With active redevelopment program, up to 3X short-term supply. Using less is a best practice to save infrastructure costs.</p>					

## 1. Assemble and attach the basic facts

Attach city and county coordinated population. **Update for Woodburn.** Attach regional employment forecast publication available online from [www.qualityinfo.org](http://www.qualityinfo.org). Attach ODOT highway traffic counts for state highways. Attach other available information.

## 2. Define the Community Objectives

*“The city wants to bring its employment land inventory up to date based on existing infrastructure capacity”*

What does the city want to do and why? Discuss community history, assets and conditions; willingness to accommodate change; willingness to finance infrastructure; willingness to implement finance and land management tools.

## 3. Review of trends

How will the following affect the city: infrastructure conditions and expansion costs; changes in employment; changes in workforce; changes in development practices; changes in development finance. Discuss the implications of the basic facts. Identify the kinds of employment and business opportunities that are most likely and for which the city wants to provide suitable sites.

## 4. Choose site categories.

Simple category definitions will make things easier.

- General employment land: the most flexible
- High value employment land: the point of this kind of EOA.
- Unique attribute employment land: if important to objectives. Includes port, rail and power access sites.

## 5. Suitable site criteria.

Getting these just right is important. Adjust to reflect local circumstances.

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port access, rail sidings, high capacity power and gas, existing uses or specialized work force. Unique attribute employment land may also be high-value employment land, or not. Each thing included on this list will have to have a policy to protect it.

## 6. Inventory vacant sites by category.

Report site count and total acres. May group sites in any useful way.

- General employment land sites.
- High value employment land sites, if any.
- Unique attribute employment land sites, if any.

## 7. Inventory redevelopment sites by category.

Not necessary for this short form EOA. The redevelopment estimation is built into the determination of the total land supply.

## 8. Economic development potential.

Explain the difference between the current and the intended distribution of land by categories and why the city wants to make that change. Identify suitable acres by category. Identify unsuitable acres. Calculate deficit. Add unsuitable acres to general employment land category deficit. See example below.

## 9. Implementation measures.

Adopt policies to protect land brought in for special characteristics [high value and unique].

Example (sites or acres)	Refer to EOA method	I - Intended distribution	S - Suitable	D - Deficit	Updated land supply
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