City of Lake Oswego
Draft Economic Opportunities Analysis

May 26, 2011

Acknowledgements

The City appreciates grant funds received from the State of Oregon Department of Land Conservation and Development (DLCD) for technical consultant assistance to complete this document.

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EXECUTIVE SUMMARY

The City of Lake Oswego is conducting an Economic Opportunities Analysis (EOA) as required by its Periodic Review work program to update Goal 9 (Economic Development) of its Comprehensive Plan. The City received grant funds from the Department of Land Conservation and Development (DLCD) for technical consultant assistance to complete this task. The City elected to take advantage of this required plan update to create a long-range vision for the City. Part of this vision addresses economic development over the next 20 years.

Vision and Goals (Local Aspirations)
The strategies in this report are designed to help City leaders improve economic vitality for Lake Oswego, as described in the draft Lake Oswego Community Vision for 2035:

We are a community where people can live, work, play and meet their daily needs for goods and services. *We build upon the intellectual capital of the community to attract new ventures, retain local businesses and connect to the global economy. We are business-friendly and a regional model for employment and mixed-use centers that attract quality jobs.*

The City also developed a set of Community Economic Development Objectives (CEDOs) that are intended to help guide the development of the EOA and move the community towards implementation of its vision for Economic Vitality.

Draft Community Economic Development Objectives:

- Maintain and grow a strong local employment base to provide jobs for Lake Oswego residents and support a high quality of life.
- Support and grow existing and locally-owned businesses.
- Support business incubation and employment growth within the city by providing a diversity of space/site opportunities.
- Provide flexibility in employment zones that supports economic resilience and sustainability while minimizing negative impacts.
- Focus redevelopment and intensification of jobs (e.g., jobs per acre) in employment corridors and centers.
- Provide opportunities for a range of industrial and employment uses. Actively pursue environmentally responsible businesses.
- Pursue a range of employment opportunities, such as an emphasis on creative class opportunities and clusters that build on Lake Oswego's intellectual capital, proximity to universities and colleges and connection to the I-5 corridor. These could include but would not necessarily be limited to science, engineering, education, computer programming, research, arts, media and design.
- Explore long term redevelopment opportunities in the southwest industrial area, along Bangy Road, along the Kruse Way corridor, and in Foothills.
- Create the opportunity for employment well served by transportation options.
- Maintain Lake Oswego's exceptional quality of life by investing in infrastructure and services that support residents and businesses.

Demographic Trends
The City's most current population estimate for the Lake Oswego Urban Services Boundary is approximately 43,000 people and 19,166 dwelling units. By 2035, the population within the Lake Oswego urban services boundary is expected to be between 47,000 to 51,000 people. According to U.S. Census estimates, the median age of Lake Oswego residents increased from 41.2 years in 2000 to 42.1 years of age in 2006/2008. This is more than five years older than the median age of residents within the Portland Vancouver Metropolitan Statistical Area (36.7).

As older Baby Boomers tend to desire to remain in their current residence or community as long as possible, the population over age 75 is expected to increase measurably over the coming decades, while the 24-55 cohort is projected to shrink. If trends continue, the younger population cohorts (age 5-14) are likely to remain flat or experience negative growth.

Economic Conditions, Trends and Forecasts

Lake Oswego is located in the desirable "inner-urban area" within the greater Portland region. This location is considered advantageous for accessing downtown Portland and its surrounding communities within a manageable commute. Downtown Lake Oswego's ongoing renaissance and excellent parks, schools and community facilities continue to serve as attributes that make it a desirable place to live, work and visit. The Kruse Way Corridor from I-5 to Boones Ferry Road is another significant economic engine for Lake Oswego, with over 2,700 on-site jobs, an annual direct payroll of $243 million, and an annual regional economic output of $1.4 billion.

Lake Oswego had 18,871 jobs at 2,297 places of work in 2009. The average wage per employee was about $52,700. The sectors with the most employment and above average wages were Finance and Insurance, and Professional, Scientific and Technical Services. This data also indicates that between 9% and 12% of Lake Oswego's workforce is located on land that is not designated for employment uses, figures that are consistent with the City's business license database which shows that 9% of Lake Oswego businesses are home-based.

An analysis of how Lake Oswego fits into the Clackamas County economy based on job concentration by employment sector indicates the City of Lake Oswego has different economic strengths than the rest of Clackamas County. What defines Lake Oswego is its high concentration of wages in the Finance, Insurance, and Professional Consulting Services sectors compared to the County as a whole. The most pertinent employment trends for Lake Oswego over the next 20-years are: growth in financial firms, growing importance of health care, and growth in other services that require high quality office space.

Target Industries

Based on current employment trends, the City's competitive advantages, and City land-use and economic development policies, types of businesses that may be attracted to Lake Oswego include:

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

Assessment of Employment Land Needs

A range of employment land need forecasts were prepared for consideration in this report. A description of the forecasts can be found on page 30 in the land demand analysis. While four potential forecasts (low, medium, medium-high and high growth) have been considered in this report, feedback from the City's advisory groups and Metro indicate that the high forecast likely represents a higher level of job growth than is currently expected or feasible for Lake Oswego over the next 20 years. Lake Oswego is in the process of coordinating with Metro on job forecasts and will narrow the range to a single forecast prior to the completion of Periodic Review.

The table on page 4 summarizes Lake Oswego's land supply and demand for each employment growth forecast. The Economic Opportunities Analysis requirements focus on an assessment of vacant employment land, however due to Lake Oswego's limited supply of vacant employment land, this report also assesses the potential to add jobs through redevelopment and through filling vacant office space.

The results in the table below show that with the exception of Institutional demand in the medium-high employment forecast, Lake Oswego's supply of vacant and redevelopable land along with vacant office space, could provide the capacity for over 4,000 new jobs under the medium job growth forecast. The limited *vacant* land supply can most easily accommodate the low growth forecast without more focused economic strategies to support job growth. While commercial and mixed-use land demand can only be met by vacant land in the low scenario, the redevelopable land supply provides sufficient capacity to meet commercial/mixed-use demand in all but the high growth forecast. For institutional uses, the vacant land supply can accommodate the low and medium demand forecasts, while an additional 2.1 to 14.1 acres of land would be needed for the medium-high and high forecasts. For industrial uses, the low to flat demand in all but the high scenario, combined with over 30 acres of redevelopment potential in the southwest Industrial Park zone, results in a surplus of industrial land for the low, medium and medium-high employment forecasts.

Conclusion

Lake Oswego has a limited 20-acre supply of vacant land area inside the USB, seven acres of which are located on the Marylhurst/Mary's Woods campus. The redevelopment analysis, however, demonstrates a large capacity for redevelopment in commercial and mixed use zones that could accommodate 1,600 net new jobs. In addition, the redevelopment analysis shows the potential for a significant amount of redevelopment in the City's southwest Industrial Park zone. The assessment of vacant office space also indicates the capacity for 1,500 additional jobs without additional land needs. In order to realize Lake Oswego's employment land redevelopment potential, the City will need to develop and implement strategies to encourage employment redevelopment in strategic locations. As the City begins to update the Economic goals and policies in its Comprehensive Plan, it should look at strategies to encourage redevelopment and optimization of the remaining vacant land inventory that implement the draft Community Economic Development Objectives and move the city toward its vision for Economic Vitality in 2035.

Employment Vacant Land Needs and Vacant Land Supply, Lake Oswego USB, 2010 to 2035 (gross buildable acres)

Commercial & Mixed-Use	Vacant & Redevelopment Potential Land Acreage			
	Low Growth Scenario	Medium Growth Scenario	Med-High Growth Scenario	High Growth Scenario
Land Supply – *Vacant*	12.3	12.3	12.3	12.3
Land Supply – *Redevelopment*	106.7	106.7	106.7	106.7
Land Supply Subtotal	**119.0**	**119.0**	**119.0**	**119.0**
Vacant Land Demand	10.0	20.0	40.0	95.0
Redevelopment Land Demand [1]	8.7	21.8	49.4	91.7
Land Demand Subtotal	**18.7**	**41.8**	**89.4**	**186.7**
Overall Land Surplus / (Deficit)	**100.3**	**77.2**	**29.6**	**(67.7)**
Institutional				
Land Supply – *Vacant*	6.9	6.9	6.9	6.9
Land Supply – *Redevelopment*	n/a	n/a	n/a	n/a
Land Supply Subtotal	**6.9**	**6.9**	**6.9**	**6.9**
Vacant Land Demand	1.0	1.0	9.0	21.0
Redevelopment Land Demand [2]	0.5	1.0	16.7	37.6
Land Demand Subtotal	**1.5**	**2.0**	**25.7**	**58.6**
Overall Land Surplus / (Deficit)	**5.4**	**4.9**	**(18.8)**	**(51.7)**
Industrial				
Land Supply –*Vacant*	1.0	1.0	1.0	1.0
Land Supply – *Redevelopment*	37.5	37.5	37.5	37.5
Land Supply Subtotal	**38.5**	**38.5**	**38.5**	**38.5**
Vacant Land Demand	1.0	2.0	-	24.0
Redevelopment Land Demand [3]	-	-	-	46.4
Land Demand Subtotal	**1.0**	**2.0**	**-**	**70.4**
Overall Land Surplus / (Deficit)	**37.5**	**36.5**	**38.5**	**(31.9)**

Note: Redevelopment assumptions assume portion of job growth is addressed though building refill/vacancy absorption as noted in Appendix C.

Conclusion

Lake Oswego has a limited 20-acre supply of vacant land area inside the USB, seven acres of which are located on the Marylhurst/Mary's Woods campus. The redevelopment analysis, however, demonstrates a large capacity for redevelopment in commercial and mixed use zones that could accommodate 1,600 net new jobs. In addition, the redevelopment analysis showed the potential for over 30 acres of redevelopment in the City's southwest Industrial Park zone. The assessment of vacant office space also indicates the capacity for 1,500 additional jobs without additional land needs. In order to realize Lake Oswego's employment land redevelopment potential, the City will need to develop and implement strategies to encourage employment redevelopment in strategic locations. As the City begins to update the Economic goals and policies in its Comprehensive Plan, it should look at strategies to encourage redevelopment and optimization of the remaining vacant land inventory that implement the draft Community Economic Development Objectives and move the city toward its vision for Economic Vitality in 2035.

INTRODUCTION

The City of Lake Oswego is conducting an Economic Opportunities Analysis (EOA) as required by its Periodic Review work program to update Goal 9 (Economic Development) of its Comprehensive Plan. The City received grant funds from the Department of Land Conservation and Development (DLCD) for technical consultant assistance to complete this task. The City elected to take advantage of this required plan update to create a long-range vision for the City. Part of this vision addresses economic development over the next 20 years.

The focus of Goal 9 is "to provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare and prosperity of Oregon's citizens." Goal 9 describes an EOA report as "an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends" and states that a principal determinant in planning for employment should be the competitive advantage of the region within which the developments would be located. The assessment of economic development potential in Lake Oswego is therefore presented in this analysis along with preliminary policies and strategies that would help the City provide economic development opportunities consistent with state requirements and its community aspirations. The implementation section identifies policies and strategies for meeting the economic development needs of existing and future Lake Oswego residents. These will merit further discussion and analysis in the implementation phase 2011-2012.

Requirements

This EOA describes how the City has and will comply with state and local requirements related to economic development. Specifically, as part of its Comprehensive Plan update, the City must address the requirements of Goal 9 (OAR 660-009) and the Metro Functional Plan Title 4 (Industrial and Other Employment Areas).

Planning in the State of Oregon is governed by 19 Goals that express the State's aspirations on land use planning and related topics, including economic development. Each goal includes guidelines for local jurisdictions' comprehensive plans. The substantive content of an EOA is governed by Oregon Administrative Rule, 660-009-0015 which implements Goal 9: Economic Development. This rule requires inclusion of the following three interrelated elements inventory (supply), need, and policies as shown in Figure 1.

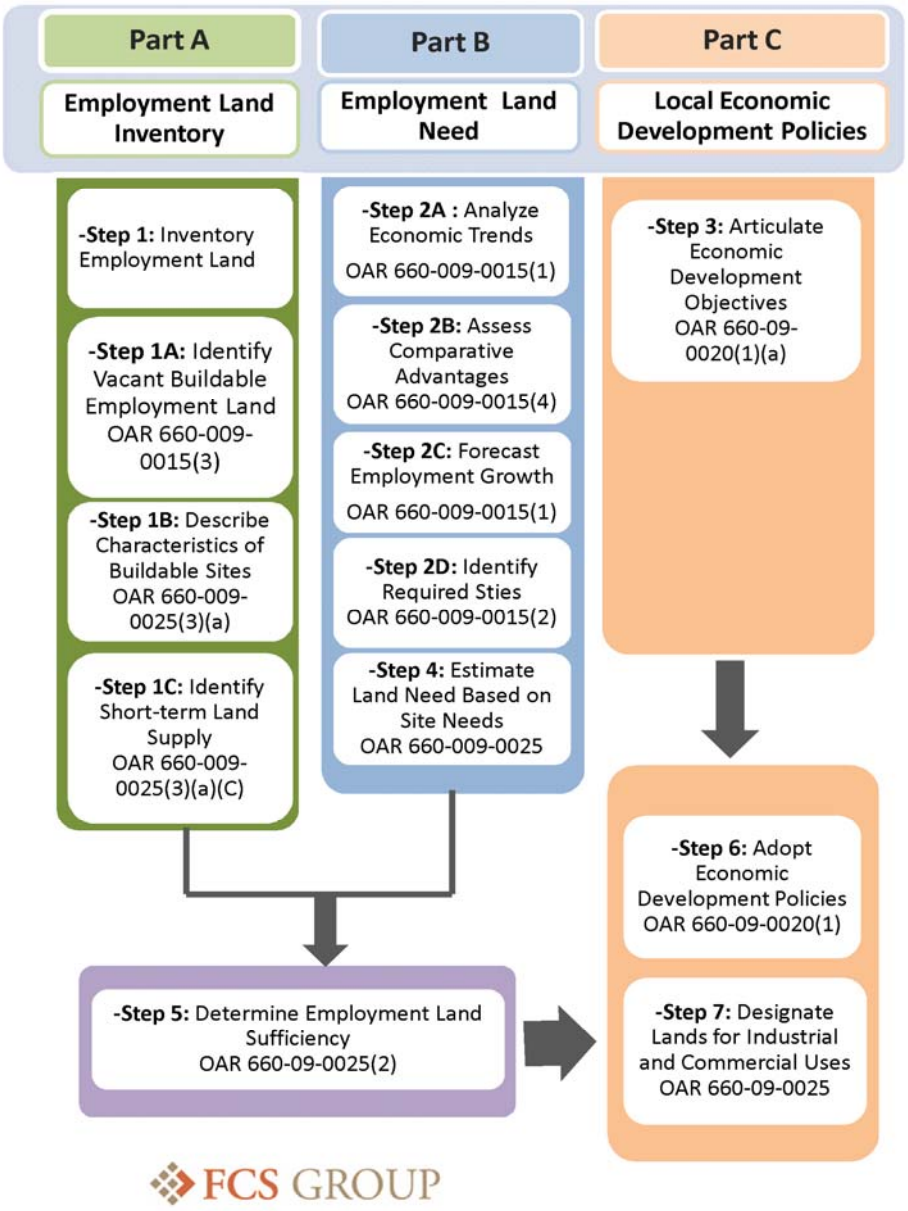
Metro's Urban Growth Management Functional Plan
Title 4 of Metro's Urban Growth Management Functional Plan is intended to provide and protect a supply of sites for industrial uses and to cluster those industries so they may operate more productively. Title 4 also seeks to provide for the efficient movement of goods and services and to encourage the location of other types of employment in Centers, Employment Areas, Corridors, Main Streets and Station Communities.

Title 4 requires that jurisdictions adopt land use regulations that:

- Derive specific plan designations and zoning district boundaries of industrial areas in an Employment and Industrial Areas Map.
- Limit the size of new buildings for retail commercial uses and retail and professional services to ensure that they serve primarily the needs of workers in the area.

Title 6 of the Functional Plan addresses Centers, Corridors, Station Communities and Main Streets in the regional 2040 Growth Concept. It recognizes these areas as "the principal centers of urban life in the region". It defines the elements (boundary, assessment, policies and action strategies) needed for regional growth including federal investments.

Figure 1. Lake Oswego Economic Opportunities Analysis Methodology



Methodology

The technical and political approach used for the EOA and related steps are consistent with the DLCD Goal 9 administrative rule, and the supporting OAR 660 guidance, as well as other supporting guidance provided per the DLCD Industrial & Other Employment Lands Analysis Guidebook (2005), and the Updated Draft Economic Development and Employment Land Planning Guidebook (July 2010).

VISION AND GOALS (LOCAL ASPIRATIONS)

While this report complies with state rules and regulations, more importantly, it provides a vision for how the City of Lake Oswego, within a land use context, will plan for and provide economic opportunities for its citizens from 2010 to 2035. The strategies in this report are designed to help City leaders improve economic vitality for Lake Oswego, as described in the draft Lake Oswego Community Vision for 2035:

We are a community where people can live, work, play and meet their daily needs for goods and services. *We build upon the intellectual capital of the community to attract new ventures, retain local businesses and connect to the global economy. We are business-friendly and a regional model for employment and mixed-use centers that attract quality jobs.*

To this end, the City of Lake Oswego developed a set of Community Economic Development Objectives (CEDOs) that are intended to help guide the development of the EOA and move the community towards implementation of its vision for Economic Vitality. Some community objectives may, in the Implementation Phase rise to the level of a goal or policy and be formally incorporated into the updated Comprehensive Plan. Others may be more appropriately refined to become strategies for implementation. The objectives were developed based on the City's existing Comprehensive Plan, the Economic Development Strategy, other local market analyses and were reviewed and updated by the Goal 9 & 10 Work Group, the Citizen Advisory Committee and the Planning Commission.

Draft Community Economic Development Objectives:

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- Maintain Lake Oswego's exceptional quality of life by investing in infrastructure and services that support residents and businesses.

ECONOMIC CONDITIONS, TRENDS AND FORECASTS

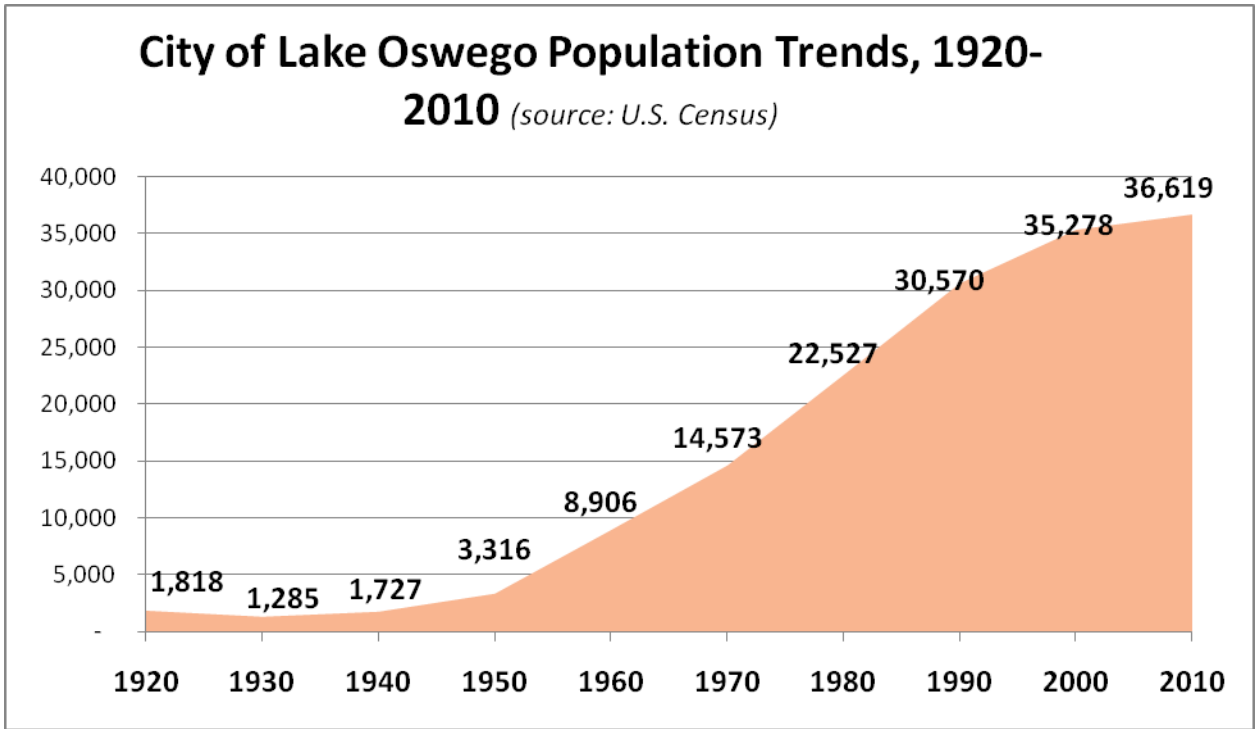
Lake Oswego exists as part of the larger economy of the Portland metropolitan area and is strongly influenced by regional economic conditions. For many factors, such as workforce, Lake Oswego does not differ significantly from the broader region. For other factors, such as income, it does. Thus, Lake Oswego benefits from being a part of the larger regional economy and plays a specific role in the regional economy.

Demographic Trends

Lake Oswego is located in the very desirable "inner-urban area" within the greater Portland region. This location is considered advantageous for accessing downtown Portland and its surrounding communities within a manageable commute. Downtown Lake Oswego's ongoing renaissance and excellent parks, schools and community facilities continue to serve as attributes that make it a desirable place to live, work and visit.

As Figure 2 indicates, the U.S. Census Bureau's 2010 census count estimated there to be approximately 36,619 people in the City of Lake Oswego, which is an increase of 1,341 people since the 2000 U.S. Census. [1] For comparison purposes, Figure 3 shows population estimates prepared by Portland State University that indicate a population of 36,845 within the Lake Oswego city limits as of July 1, 2010.

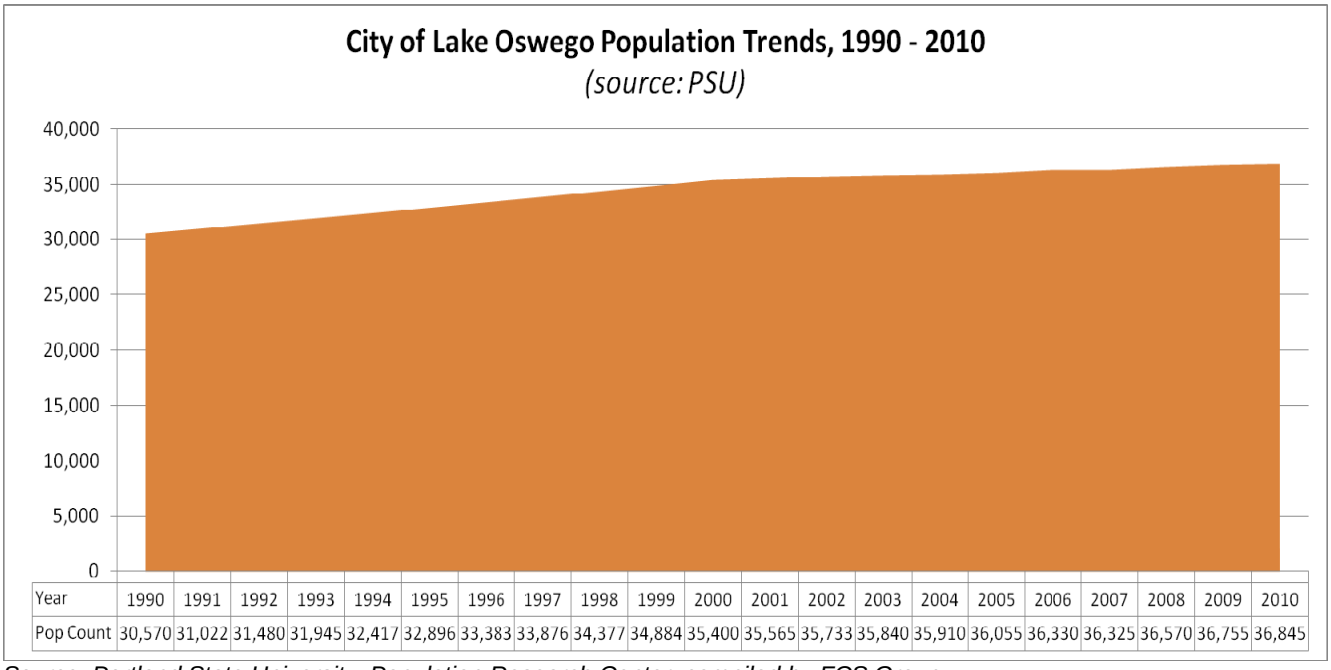
Figure 2. Lake Oswego Historic Population Trends, 1920-2010



Source: U.S. Census; compiled by FCS Group.

[1] L*imited Census 2010 information was available at the conclusion of the grant period. Where information was available, it was included.*

Figure 3. Lake Oswego Recent Population Trends, 1990-2010



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pop Count	30,570	31,022	31,480	31,945	32,417	32,896	33,383	33,876	34,377	34,884	35,400	35,565	35,733	35,840	35,910	36,055	36,330	36,325	36,570	36,755	36,845

Source: Portland State University, Population Research Center; compiled by FCS Group.

Lake Oswego experienced a net gain of approximately 898 households since year 2000, with an increase of 472 family households and 426 nonfamily households. As indicated in Table 1, according to the U.S. Census, the average household size and average family size increased over the 2000 to 2008 time period. The average household size was 2.48 and the average family size was 3.10 people per household according to the U.S. Census, 2006-2008 American Community Survey.

More recent 2010 estimates by City of Lake Oswego Long Range Planning staff for the Lake Oswego Urban Service Boundary (USB) indicate a relatively lower ratio of population to total dwelling units. Using GIS data, City staff estimates that there were 43,094 people and 19,166 dwelling units in the Lake Oswego USB in 2011; with an average ratio of people per dwelling unit of 2.25. The fact that this ratio is lower than the average household size estimate reported by the U.S. Census is to be expected, since the U.S. Census tallies only occupied dwelling units and only population that resides in households (not group quarters) population.

Table 1. Lake Oswego Demographic and Socio-economic Trends

	Census 2000	Census 2006-08	Change
Population	35,278	38,835	3,557
Group Quarters Population	163	n/a	n/a
Households	14,769	15,667	898
Family Households	9,665	10,137	472
Nonfamily Households	5,104	5,530	426
Average Household Size	2.38	2.48	0.10
Average Family Size	2.95	3.10	0.15
Median Age	41.2	42.1	0.90
Median Household Income (unadjusted)	$71,597	$83,486	$11,889
Median Family Income (unadjusted)	$94,587	$105,593	$11,006
Per Capita Income (unadjusted)	$42,166	$48,313	$6,147
Median Household Income (inflation adjusted)	$93,101	$84,388	($8,714)
Median Family Income (inflation adjusted)	$122,996	$106,733	($16,263)
Per Capita Income (inflation adjusted)	$54,831	$48,835	($5,996)
Individuals Below Poverty Level	1,181	2,602	1,421

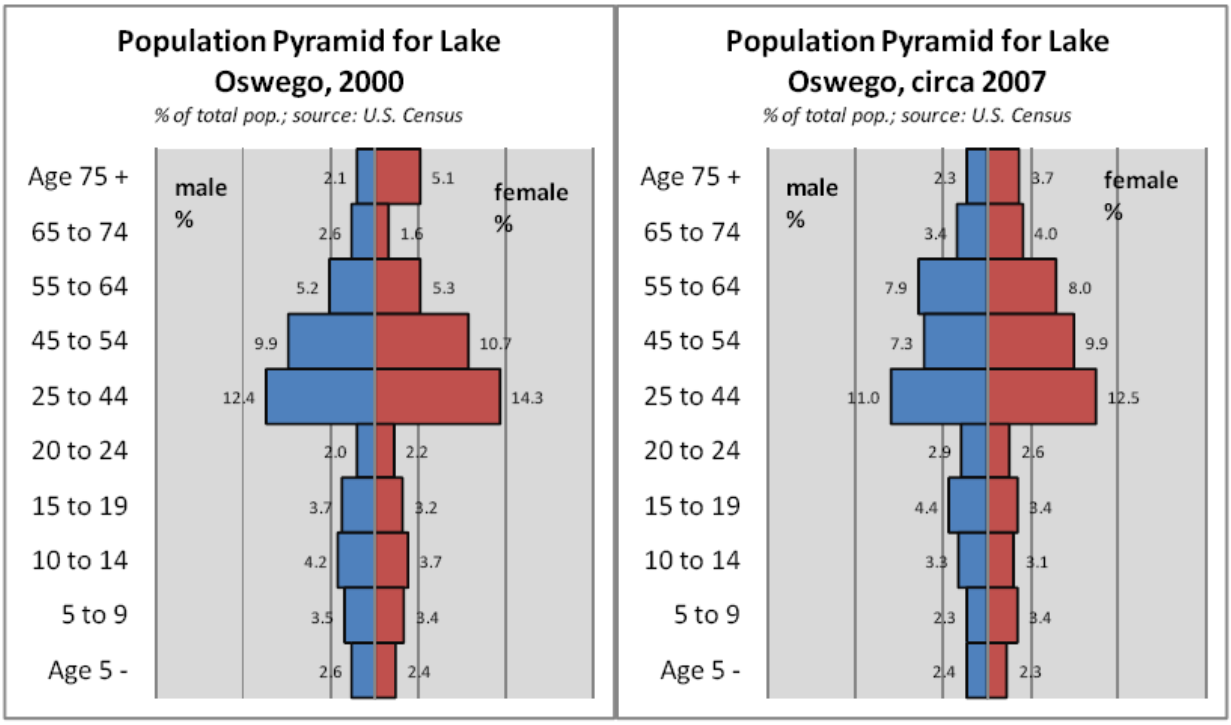
Source: U.S. Census, American Community Survey 2006-2008. Note, income levels for 2000 are reflected for year 1999; and income levels for both periods are expressed in 2010 dollars, based on U.S. Bureau of Labor Statistics CPI index conversions to 1st Quarter 2010.

Prepared by FCS GROUP.

According to U.S. Census estimates, the median age of Lake Oswego residents also increased slightly, from 41.2 years in 2000 to 42.1 years of age in 2006/2008. This is more than five years older than the median age of residents within the Portland Vancouver Metropolitan Statistical Area (MSA) region (36.7). In fact, Lake Oswego has more residents over age 65 than all other cities in the greater Portland region, with the exception of King City.

A closer look at population age cohort patterns for Lake Oswego reflects the aging Baby Boom population (born between 1946 and 1965). As indicated in Figure 4 and Table 2, population cohorts that experienced the most significant increase include Baby Boomers within the 55-64 and 65-74 age ranges. These Baby Boomers (age 55 to 74) recorded a combined gain of 3,889 people since 2000.

Figure 4. Population Age Cohort Trends, Lake Oswego, 2000 and circa 2007



** Note: population estimates for circa 2007 reflect findings from the U.S. Census American Community Survey 2006-2008.*

Prepared by FCS GROUP.

Table 2. Lake Oswego Area Population Age Cohort Trends

Age Cohort (years)	Census 2000	Census 2006/08	Change	Percent Change
under 5	1,746	1,824	78	4%
5 to 9	2,426	2,233	(193)	-8%
10 to 14	2,810	2,460	(350)	-12%
15 to 19	2,424	3,057	633	26%
20 to 24	1,470	2,131	661	45%
25 to 44	9,441	9,115	(326)	-3%
45 to 54	7,267	6,653	(614)	-8%
55 to 64	3,676	6,160	2,484	68%
65 to 74	1,477	2,882	1,405	95%
75+	2,541	2,320	(221)	-9%
Total	**28,296**	**32,318**	**4,022**	**14%**

Source: U.S. Census, 2000 and American Community Survey 2006-08. Lake Oswego area is slightly larger than city limits but smaller than the Urban Service Boundary.

Prepared by FCS GROUP.

Another rapidly growing cohort includes the Generation Y sector which includes people in their late teens to early thirties. Population within the age 15-24 cohort group has increased by 1,294 people since 2000 (Table 2).

According to the U.S. Census, the following age cohorts experienced a decline in Lake Oswego since 2000:

- Age 1-14 (lost 465 people)
- Age 25-44 (lost 326 people)
- Age 45-54 (lost 614 people)
- Age 75+ (lost 221 people)

As older Baby Boomers tend to desire to remain in their current residence or community as long as possible, the population over age 75 is expected to increase measurably over the coming decades. However, the younger population cohorts (age 5-14) are likely to remain flat or experience negative growth.

As shown in Table 3, recent trends in Lake Oswego over the past decade reflect population gains in the under age 5 cohort, but significant population losses in the ages 5-19 and 45-54 cohorts, as well as a slight decline in population over the age of 75, according to the U.S. Census.

Table 3. Lake Oswego Area Annual Historic Population Growth Rates

	Most Recent Trend 2006 to 2007		6-Year Trend 2000 to 2007		Long-Term Trend 1990 to 2007	
	Number	AAGR%	Number	AAGR%	Number	AAGR%
Total Population	**480**	**1.3%**	**508**	**1.4%**	**486**	**1.4%**
Male	(289)	-1.6%	195	1.1%	217	1.3%
Female	769	3.9%	313	1.6%	269	1.5%
Age Cohort (years)						
under 5	132	7.8%	11	0.6%	3	0.2%
5 to 9	(213)	-8.7%	(28)	-1.2%	12	0.5%
10 to 14	(410)	-14.3%	(50)	-1.9%	16	0.7%
15 to 19	(114)	-3.6%	90	3.4%	67	2.8%
20 to 24	208	10.8%	94	5.4%	45	2.7%
25 to 44	766	9.2%	(47)	-0.5%	(104)	-1.0%
45 to 54	(251)	-3.6%	(88)	-1.3%	125	2.3%
55 to 64	162	2.7%	355	7.7%	213	5.4%
65 to 74	208	7.8%	201	10.0%	52	2.2%
75+	(8)	-0.3%	(32)	-1.3%	56	3.2%

Source: US Census. Lake Oswego area is generally slightly larger than city limits but smaller than Urban Service Boundary.

Prepared by FCS GROUP.

Income

Lake Oswego continues to retain and attract upper-income households. The portion of all households with annual income levels of more than $100,000 increased from 35% to nearly 41%. The most significant gains occurred in households earning more than $200,000 per year, which increased by 808 households since year 2000, as indicated in Table 4.

Table 4. Households by Income Level, Lake Oswego, 2000 and 2006-2008

	Census 2000		Census 2006-08		Change	
Income Level	Number	Dist. %	Number	Dist. %	Number	Percent
Less than 14,999	861	5.8%	832	5.3%	(29)	-3.4%
$15,000 to $34,999	2,338	15.8%	2,152	13.7%	(186)	-8.0%
$35,000 to $74,999	4,472	30.2%	4,263	27.2%	(209)	-4.7%
$75,000 to $99,000	1,931	13.0%	2,050	13.1%	119	6.2%
$100,000 to $149,000	2,550	17.2%	2,698	17.2%	148	5.8%
$150,000 to $199,000	1,090	7.4%	1,282	8.2%	192	17.6%
$200,000 or more	1,582	10.7%	2,390	15.3%	808	51.1%
Total	**14,824**	**100.0%**	**15,667**	**100.0%**	**843**	**5.7%**

Source: U.S. Census 2000, income levels expressed in 1999 dollars; and U.S. Census, American Community Survey, income levels expressed in 2008 dollars.

Prepared by FCS GROUP.

According to the U.S. Census 2006-2008 American Community Survey, Lake Oswego's average per capita income was $48,313, median household income was $83,486, and median family income was $105,593 (in 2008 dollar amounts).

While average income levels in Lake Oswego have increased in nominal dollars, inflation adjusted income levels have fallen since 2000. This trend towards lower real income levels has been well documented in the Portland region and nationally, and is primarily attributed to the shrinking income levels in middle-income households and higher costs of living for items such as transportation, housing, food, energy and health care.

Poverty levels in Lake Oswego are relatively low compared to the region and the state, with an estimated 2,602 people in poverty, according to the U.S. Census 2006-2008 American Community Survey. Table 5 shows that the number of people living below the federal poverty level in the Lake Oswego area increased from 1,181 people in 2000 to 2,602 people by 2006-2008[2].

[2] Federal Poverty Level is defined by the U.S. Department of Housing and Urban Development (HUD) as 70% of median income in a given year.

Table 5. Federal Poverty Thresholds by Family Size, Urban Clackamas County, Current Year Dollar Amounts (Not Inflation Adjusted)

	Census 2000	Census 2008
One Person	**$8,794**	**$10,991**
Under 65 Years of Age	$8,959	$11,201
Over 65 Years of Age	$8,259	$10,326
Two Persons	**$11,239**	**$14,051**
Under 65 Years of Age	$11,590	$14,489
Over 65 Years of Age	$10,410	$13,030
Three Persons	**$13,738**	**$17,163**
Four Persons	**$17,603**	**$22,025**
Five Persons	**$20,819**	**$26,049**

** Source: U.S. Census Bureau, average amounts shown do vary by number of related children residing at home.*

Prepared by FCS GROUP.

Availability of Workforce

The availability of trained workers in Lake Oswego will impact development of Lake Oswego's economy over the planning period. Key trends that will affect the workforce in Lake Oswego through 2035 include growing population, demographic factors (e.g., aging of the population; income), availability of educated and skilled workers, and regional commuting patterns. Lake Oswego has access to workers in the Portland metropolitan region workforce and is likely to continue to be able to draw workers from the regional workforce in the future.

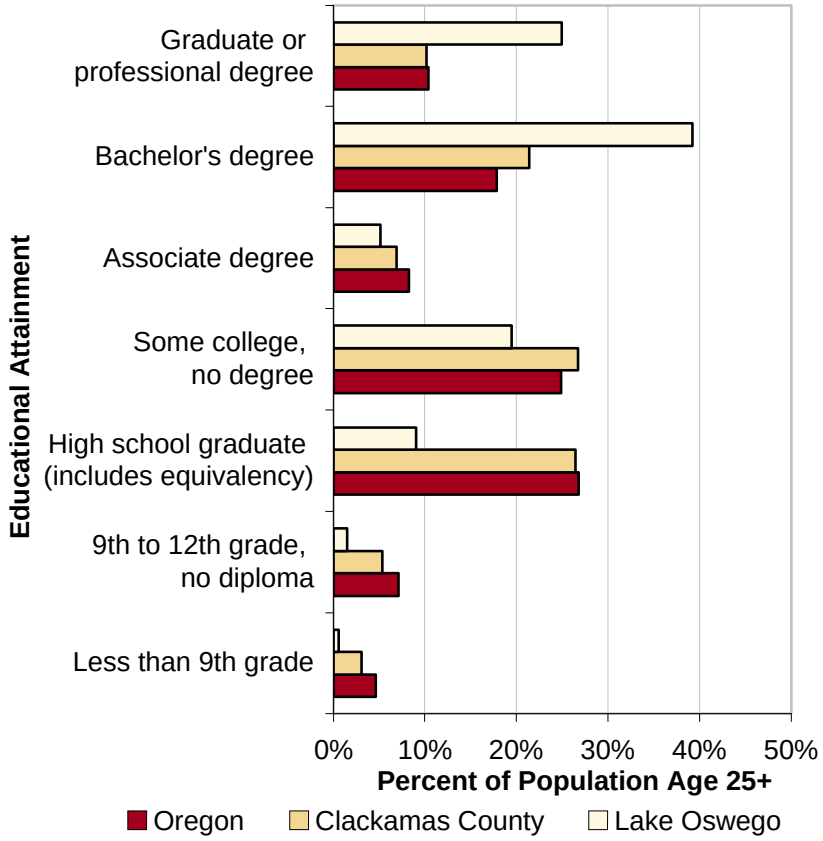
Educational attainment

The availability of trained, educated workers affects the quality of the workforce in a community. Educational attainment is an important workforce factor because firms need to be able to find educated workers. In addition, educational attainment is correlated with income. The fastest growing occupations in the U.S. require an academic degree and, on average, have higher incomes than occupations that do not require an academic degree.[3]

Figure 5 shows educational attainment in Oregon, Clackamas County, and Lake Oswego in 2007. In 2007, Lake Oswego had a higher share of residents above the age of 25 with a bachelor's degree or higher (64%) than residents of Clackamas County (32%) or Oregon (28%). Access to Lake Oswego's workforce may be attractive to businesses that need highly educated and skilled workers, such as Corporate Headquarters or Professional and Scientific Services.

[3] Arlene Dohm and Lyn Shniper, "Occupational Employment Projections to 2016," *Monthly Labor Review*, November 2007, pp. 86-125.

Figure 5. Educational attainment for the population 25 years and over, Oregon, Clackamas County and Lake Oswego, 2007



Source: 2007 American Community Survey; prepared by ECONorthwest.

Commuting Patterns

Commuting plays an important role in Lake Oswego's economy. Lake Oswego residents have a slightly shorter commute than most residents of Clackamas County or the Portland metropolitan region. About 70% of Lake Oswego's residents commute 29 minutes or less, compared to 60% of Clackamas County residents and 65% of residents in the Portland metropolitan region. About 2% of Lake Oswego's residents had a commute of 60 minutes or more, compared to 6% of residents of Clackamas County and the Portland metropolitan region.[4]

Lake Oswego's residents commuted across the Portland metropolitan region in 2006,[5] with about 90% of workers working in Multnomah County, Clackamas County, and Washington County. About 37% of Lake Oswego's residents worked in the City of Portland, 14% in Lake Oswego, and 5% or more in Beaverton, Tigard, and Tualatin.[6]

Lake Oswego's workforce commuted from across the Portland metropolitan region in 2006, with about 85% of workers coming from Multnomah County, Clackamas County, and Washington County. About 22% of Lake Oswego's workforce lived in the City of Portland, 14% in Lake Oswego, and 5% or more from Beaverton or Tigard.[7]

[4] 2007 American Community Survey.
[5] The most current data on commuting patterns is for 2006. This data is available from U.S. Census Bureau: LED on the Map.
[6] U.S. Census Bureau: Longitudinal Employer-Housing Dynamics mapping tool.
[7] U.S. Census Bureau: Longitudinal Employer-Housing Dynamics mapping tool.

This means that Lake Oswego's companies have access to workers from across the Portland metropolitan area but especially from the City north to Portland and from Beaverton east to I-205. These commuting patterns create demand for automotive and other forms of transportation, both within Lake Oswego and on roads throughout the Portland metropolitan area.

Changes in Employment

The global economy is evolving. Nationally, this is reflected in changes observed during the 1980's to the current period. These changes affected the composition of Oregon's economy, including the Portland metropolitan area and Lake Oswego. The most important shift during this period at the national-level was the shift in employment from a focus on manufacturing to services. The most important shift in Oregon has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. The most important trends and changes in employment for Lake Oswego over the next 20-years are: growth in financial firms, growing importance of health care, and growth in other services that require high quality office space (e.g., professional and technical services).

Lake Oswego had 21,044 jobs at 2,272 establishments in 2006[8], with an average firm size of 9.3 employees.[9] The average wage per employee was about $49,400. The sectors with the most employment and above average wages were Finance and Insurance ($65,335 average wage) and Professional, Scientific and Technical Services ($73,100). Other sectors with at least 5% of the City's employment and above average wages were: Wholesale Trade ($86,400), Construction ($58,000), and Manufacturing ($54,700). The sectors with the greatest number of employees were: Finance and Insurance (17%), Professional, Scientific and Technical Services (12%), Government (11%), Accommodation and Food Services (9%), Health Care and Social Assistance (8%), and Retail (7%). These sectors accounted for 13,245 or 63% of Lake Oswego's jobs.

The sectors with the most employment and below average wages were Accommodation and Food Services ($16,300), Retail ($24,100), Government ($34,100), and Health Care and Social Assistance ($36,000). Other sectors with at least 5% of the City's employment and below average wages were: Other Services ($27,200),[10] and Administrative Support and Waste Management ($30,500).

A substantial amount of Lake Oswego's employment is located on land that is not designated for employment.

- **Home occupations.** Table 6 shows home occupations, which account for about 9% of employment in the City's License Database. Home occupations tend to have a lower average firm size, 1.5 employees per firm, compared to 9.1 employees per firm for non-home occupations operating in Lake Oswego.[11] The most common types of home

[8] This study uses 2006 QCEW data to be consistent with the base employment data used by Metro in the recent work on the *Urban Growth Report 2009-2030*.

[9] The number of employees per firm is calculated based on the covered data from the Quarterly Census of Employment and Workforce (QCEW). Other data sources give different firm size. For example, Table A-11 presents employment data from Lake Oswego's business license database, which shows an overall firm size of 6.1 employees per firm and 9.1 employees per firm, excluding home occupations. The best available data about firm size is from the QCEW data because businesses with employees covered by unemployment insurance are required by the Federal Government to report all employment on a monthly basis.

[10] Other Services includes services such as repair and maintenance, dry cleaning services, personal care services (e.g., barber shops or nail salons), and organizations.

[11] This estimate of the number of employees per firm is based on employment data from Lake Oswego's business license database. The best available data about firm size is from the QCEW data because businesses with employees covered by unemployment insurance are required by the Federal Government to report all employment on a monthly basis. The purpose of presenting the data about firm size in this paragraph is to illustrate that home occupations have fewer employees than the City's average firm size.

occupations are general construction, interior design, design, consultants, and mortgage brokers.

Table 6. Licensed businesses in Lake Oswego, 2009

	Firms		Employees		
	Number	Percent of total	Number	Percent of total	Avg. Emp/Firm
Businesses operating within Lake Oswego	1,373	61%	12,532	91%	9.1
Home Occupations	887	39%	1,294	9%	1.5
Total	**2,260**	**100%**	**13,826**	**100%**	**6.1**

Source: City of Lake Oswego Business License Database; prepared by ECONorthwest.

- **Employment located on non-employment plan designations.** The Quarterly Census of Employment and Wages (QCEW) data in Table 7 includes employment that is located in non-employment plan designations, mostly residential plan designations. This employment includes home occupations (e.g., home offices or construction contractors working out of their home), as well as businesses located in non-employment plan designations (e.g., or assisted living facilities).

[11] This estimate of population is based on the housing and population forecast in the 2009 Housing Needs Analysis conducted by Winterbrook Planning.

Table 7. Employment in Lake Oswego's urban services boundary, 2009

Employment Sector	Firms	Jobs	% of Emp.	Avg. Pay Per Job
Agriculture, Forestry, Fishing & Hunting	3	17	0%	$20,271
Utilites	3	10	0%	$46,504
Construction	162	686	4%	$54,995
Manufacturing	10	191	1%	$31,175
Wood Product Manufacturing	13	226	1%	$43,018
Primary Metal Manufacturing	25	468	2%	$77,453
Wholesale Trade	265	1,115	6%	$91,833
Retail Trade	96	1,216	6%	$24,689
Sporting Goods, Hobby, Book, and Music Stores	51	158	1%	$20,844
Transportation and Warehousing	12	126	1%	$32,818
Postal Service	6	75	0%	$57,373
Information	40	537	3%	$106,415
Finance and Insurance	290	2,549	14%	$78,665
Real Estate, Rental and Leasing	130	436	2%	$45,251
Professional, Scientific and Technical Services	407	2,538	13%	$74,203
Management of Companies and Enterprises	24	335	2%	$81,397
Admin., Waste Mgmt. and Remediation Services	100	838	4%	$34,892
Educational Services	55	1,862	10%	$36,550
Health Care and Social Assistance	191	1,709	9%	$38,217
Arts, Recreation and Entertainment	25	330	2%	$18,404
Accommodation and Food Services	118	1,659	9%	$17,596
Other Services	246	798	4%	$29,324
Public Administration/Government	4	988	5%	$45,633
All Other	21	12	0%	$56,410
Total	**2,297**	**18,879**	**100%**	**$52,685**

Source: Oregon Employment Department Quarterly Census of Employment and Wages (QCEW). Summary by industry and percentages calculated by FCS GROUP.
Note: Only employment in "covered" jobs that include workman's comprehensive insurance payments are reflected in Table 7.

Analysis of the QCEW data shows that about 2,450 employees are located in non-employment plan designations, accounting for 12% of Lake Oswego's employment. The most common types of employment located on non-employment plan designations are: Health Care and Social Assistance; Arts, Entertainment, and Recreation; Construction; and Other Services.

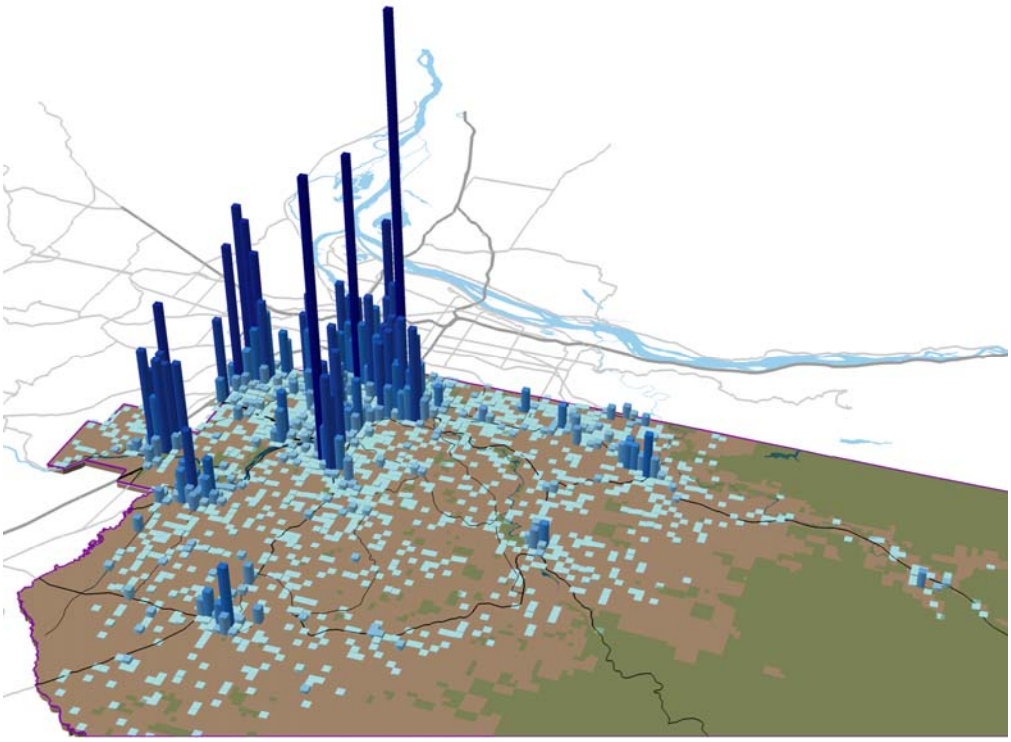
It is likely that there is overlap in the employment reported from these data sources. The QCEW data probably includes some home occupations, such as contractors working from home or telecommuters that work for firms not located in Lake Oswego. The information in this analysis suggests that between 9% and 12% of Lake Oswego's workforce is located on land that is not designated for employment uses.

Lake Oswego's Competitive Advantages and Challenges

Economic development opportunities in Lake Oswego will be affected by local conditions in addition to national and state economic conditions. Economic conditions in Lake Oswego relative to other portions of the Portland metropolitan area form Lake Oswego's competitive advantage for economic development. Lake Oswego's competitive advantages have implications for the types of firms most likely to locate and expand in Lake Oswego.

Lake Oswego's primary competitive advantages are quality of life, prestige, market buying power, location, and access to highly educated and skilled labor. These factors make Lake Oswego attractive to residents and businesses that want a high quality of life where they live and work.

A recent analysis by FCS GROUP revealed that Lake Oswego, and particularly the Kruse Way Corridor, is a major economic engine within Clackamas County. [12]As shown in the figure below, the Lake Oswego Boones Ferry Road Corridor is one of the leading clusters of employment activity within Clackamas County (map depicts level of relative annual economic output per 10-acre grid that occurred in 2008). In 2008, the businesses within the Kruse Way Corridor (the 81 net acre area extending along Kruse Way from I-5 to Boones Ferry Road) included 199 separate businesses with a total covered workforce of 2,747 direct jobs (on site) and generated an annual direct payroll of $243 million, and annual direct/indirect regional economic output of $1.4 billion. While, total employment within the Kruse Way Corridor has declined since 2008 in the aftermath of the recent economic recession, this area continues to provide significant employment and economic output within the greater Portland region.



[12] Clackamas County Economic Landscape, Economic Profiles, 2010; report for Clackamas County by FCS GROUP, Cogan Owens Cogan, and Real Urban Geographics.

The local factors that form Lake Oswego's competitive advantage are summarized below**.**

- **Quality of life.** Lake Oswego's high quality of life and significant amenities are a primary competitive advantage for attracting businesses to the City. Lake Oswego's quality of life attributes include: high-quality housing, urban amenities (restaurants and shopping opportunities), Oswego Lake and lake front properties, parks and open space, proximity to Portland, beautiful setting, and access to urban and outdoor recreation. Lake Oswego's high quality of life is likely to attract businesses and entrepreneurs that want to locate in a high amenity area.
- **Prestige.** Office space in Lake Oswego, especially along Kruse Way, is considered a prestigious location. Businesses that want to locate in a prestigious, high amenity area are likely to be attracted to Lake Oswego.
- **Buying power of markets.** The buying power of Lake Oswego's households provides a strong market for goods and services. According to estimates on household spending by Oregon Prospector,[13] households in Lake Oswego spent over $1.2 billion in 2008, about 18% of total household expenditures in Clackamas County. Lake Oswego households spend an average of $78,900 on commonly purchased items. Expenditures by households in Lake Oswego were 135% of the County average ($58,443 per household). The buying power of households in Lake Oswego is a competitive advantage for attracting retail and services.
- **Location.** Lake Oswego is located in the Portland metropolitan area, immediately south of the City of Portland and near the intersection of I-5 and I-205. Lake Oswego is located near Tigard, Tualatin and West Linn. Lake Oswego is located in the northwestern part of Clackamas County, near Multnomah and Washington counties. Lake Oswego's location affects economic development in the City because: the city is located in the most populous part of Oregon; residents have access to easy shopping in and around the city; residents have access to cultural and urban amenities in Lake Oswego and adjacent cities; and businesses in Lake Oswego have access to transportation and business infrastructure in the Portland metropolitan area.
- **Transportation.** Businesses and residents in Lake Oswego have access to a variety of modes of transportation: automobile (I-5, I-205, Highway 43, Highway 217, and local roads); transit (Tri-Met buses, possible future bus rapid transit or Portland Streetcar extension); and air (Portland International Airport). Businesses that need relatively easy automobile access to I-5 and other major roads in the region may be attracted to Lake Oswego.
- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well. Commuting is common in Lake Oswego. The commuting patterns show that businesses in Lake Oswego are able to attract skilled and unskilled workers from across the Portland metropolitan region. Businesses that need access to workers from across the Portland metropolitan region and that want a pool of local highly educated and skilled workers may be attracted to Lake Oswego.
- **Public policy.** Public policy can impact the amount and type of economic growth in a community. The City can impact economic growth through its policies about the provision of land, redevelopment, and infill development. Success at attracting or retaining firms may depend on availability of attractive sites for development and public support for redevelopment. Although firms may be attracted to Lake Oswego because of

[13] Oregon Prospector is the State of Oregon's economic development website. It has city profiles, which include information about expenditures by residents of the city. The website can be accessed at: http://www.oregonprospector.com/ .

the City's competitive advantages, the choice to locate in Lake Oswego may be based, in large part, on public assistance with redevelopment (e.g., parcel assembly) because of the challenges associated with redevelopment.

- **Business taxes.** Multnomah County levies a 1.45% business income tax. Clackamas and Washington Counties do not have a business income tax, which gives cities in these counties an advantage for attracting businesses over cities in Multnomah County. Lake Oswego's proximity to Multnomah County presents an opportunity to attract firms that want to locate near Multnomah County.

Lake Oswego also has a number of real or perceived challenges for economic development, relative to the Portland metropolitan region. Interviews with stakeholders identified the following barriers to economic development in Lake Oswego.

- **Land.** The availability of land in Lake Oswego was the most commonly mentioned challenge to economic development. The challenges included: availability of vacant land, availability of sites over a few acres, and cost of land. The lack of light industrial land with highway access or flex space is a concern because the City has so little industrial land.
- **Infill and redevelopment.** Infill and redevelopment, especially of sites larger than an acre, is difficult. This is especially true in Downtown, where parcel assembly of sites is very difficult because of the highly fragmented pattern of ownership. In addition, the City's policies make it challenging to change existing uses through rezoning.
- **Parking.** High land costs make providing parking costly, especially for structured or underground parking. The need for parking, both because of the lack of transportation alternatives and City policies, is cited by the stakeholders as a challenge to increasing densities in areas with office buildings. In addition, it is perceived that a lack of parking in Downtown makes retail uses more challenging, especially for small retailers that cannot afford to build parking structures. This seems to be more perception than reality based on a 2010 Downtown Parking Study.
- **Providing infrastructure.** The cost of providing new infrastructure to increase intensity of uses and funding maintenance of existing infrastructure are also cited by stakeholders as a challenge to economic development.
- **Downtown.** The distance from Downtown to I-5 and the capacity of Highway 43 and local roads are cited as a challenge to development in Downtown, with observations that the distance from I-5 will prevent Downtown from providing regional retail or services. In addition, increasing densities in Downtown substantially may create capacity issues on the street system, especially if people come from outside of Lake Oswego for retail and services.
- **Affordable housing.** The lack of affordable housing, especially workforce housing, is seen as a challenge to businesses with lower paid employees. These employees generally cannot afford to live in Lake Oswego and must commute from other communities.
- **Community attitudes.** Community attitudes are viewed as a challenge to development, especially development near established neighborhoods. In addition, community concerns about development often make the development process (from concept to receiving development approval from the City) slower.
- **City government.** The complexity and speed of the planning process were cited in stakeholder interviews as a challenge to economic development.

Potential Growth Industries in Lake Oswego

The types of jobs and target industries Lake Oswego is focusing on have the following attributes: high-wage, stable jobs with benefits; jobs requiring skilled and unskilled labor; employers in a range of industries that will contribute to a diverse and sustainable economy; and industries that are compatible with Lake Oswego's community values.

Regional and Local Business Clusters

Overall, Clackamas County's clusters can be organized into five broad categories: Manufacturing; Warehousing & Transportation; Wholesale Trade; and Finance, Insurance, and Professional Services. Combined, the direct economic impacts of the 10 clusters account for roughly 39.8% of the Clackamas County economy. When secondary impacts, such as those realized by up- and downstream cluster suppliers are considered, the 10 clusters account for about 65% of the county economy.

An analysis of how Lake Oswego fits into the Clackamas County economy based on job concentration by employment sector defined the region as nine counties from Salem to Vancouver.[14] Location quotients (LQ) were calculated using *value added* of an industry as the best measure of economic importance.[15]

Related industry sectors are grouped into clusters and ranked according to size and LQ using value added. Key clusters are described in terms of size and other economic characteristics. The summaries were constructed using 2006 IMPLAN (IMpact analysis for PLANing software) data, supplemented by QCEW data.

The analysis identified ten "key clusters" in Clackamas County. Each of these clusters met two basic criteria: (1) highest value added location quotients in Clackamas County relative to the nine county CMSA; and (2) a contribution of at least 0.25% to the County's total Gross Domestic Product (GDP) (as measured by value added). Table 8 provides the results of this analysis.

Table 8. Clackamas County key industry clusters, with selection criteria, 2006 (dollar figures in millions of $)

			Value Added					
	Cluster Name	LQ	Direct	% County	% Region	Total	% County	% Region
1.	Warehousing	2.58	$ 102.3	0.8%	0.1%	$ 149.7	1.2%	0.1%
2.	Fabricated Metal Manufacturing	2.36	345.7	2.7%	0.3%	602.7	4.7%	0.6%
3.	Nurseries and Greenhouses	2.10	197.6	1.5%	0.2%	273.6	2.1%	0.3%
4.	Primary Metal Manufacturing	1.65	188.2	1.5%	0.2%	325.8	2.5%	0.3%
5.	Truck Transport	1.62	235.9	1.8%	0.2%	433.0	3.3%	0.4%
6.	Wood Product Manufacturing	1.43	134.8	1.0%	0.1%	255.8	2.0%	0.2%
7.	Professional Consulting Services	1.41	677.8	5.2%	0.6%	1,168.4	9.0%	1.1%
8.	Finance and Insurance	1.27	1,680.4	13.0%	1.6%	2,637.8	20.4%	2.5%
9.	Wholesale Trade	1.22	1,453.4	11.2%	1.4%	2,283.9	17.7%	2.2%
10.	Machinery Manufacturing	1.17	131.6	1.0%	0.1%	276.1	2.1%	0.3%
	Clusters Total	**N/A**	**$ 5,147.7**	**39.8%**	**4.9%**	**$ 8,406.8**	**65.0%**	**8.0%**

Source: ECONorthwest, using 2006 IMPLAN data.
Note: "Region" is the nine-county Portland CMSA region as defined earlier; the Finance and Insurance cluster excludes banks.

[14] This region is defined by the U.S. Census as the Portland Consolidated Metropolitan Service Area (CMSA). This area includes Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill counties in Oregon; and Clark County and Skamania County in Washington.

[15] It is more typical for cluster studies to use employment as the basis for comparison. But the highest employment does not necessarily produce the highest value added. While the measures are highly correlated, value added is a theoretically preferable measure of an industry's or cluster's impact on the economy.

Location quotients for industry sectors (defined by 2-digit North American Industrial Classification System (NAICS) codes) were calculated for Lake Oswego compared to Clackamas County, using data on wages for covered employees for 2006. Because of the different methodologies used, these results are not directly comparable to the clusters identified for the County. However, this analysis does shed some light on the relationships between the Lake Oswego and Clackamas County economies.

Four industries in Lake Oswego had more than double the employment concentration than Clackamas County, indicating possible employment clusters. Those sectors were Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; and Information. These sectors roughly correlate to two of the key industry clusters identified in Clackamas County: Professional Consulting Services, and Finance and Insurance.

This analysis indicates the City of Lake Oswego has different economic strengths than the rest of Clackamas County. Manufacturing, Transportation and Warehousing are some of the County's key clusters, compared to the Portland metropolitan region. Employment in these clusters is not concentrated in Lake Oswego.

On the other hand, Finance, Insurance, and Professional Consulting Services were identified as key clusters in the County, where Lake Oswego has a high concentration of wages in these sectors, compared to the County as a whole. Were it not for the strength of these sectors in Lake Oswego, it is unlikely that Clackamas County would show a comparative advantage in these clusters.

Target Industries

Based on current employment trends, the City's competitive advantages, and City land-use and economic development policies, types of businesses that may be attracted to Lake Oswego include:

- **Finance and Insurance.** Lake Oswego currently has a high concentration of employment in finance and insurance. The City's high quality of life, prestige, proximity to Downtown Portland, concentration of employment in finance and insurance, and access to high quality labor may make Lake Oswego firms particularly competitive in this industry.
- **Professional, Scientific, Technical Services and Information.** The availability of highly educated and skilled labor, concentration of existing professional firms, and the high quality of life in Lake Oswego make it attractive to professional service firms and information firms. These types of businesses could include engineering, research, law firms, accounting firms, software development, and other professional services that are attracted to high-quality settings.
- **Real Estate.** Lake Oswego's high quality housing stock and reputation as a desirable commercial location make Lake Oswego attractive to real estate firms. The growth in this industry, however, may be limited because of limited supply of land (and real estate opportunities) in Lake Oswego. The City may continue to attract real estate firms that primarily operate in communities outside of Lake Oswego.
- **Corporate or Regional Headquarters.** The availability of office space on Kruse Way (and other parts of Lake Oswego), quality of life, prestige, proximity to Portland, location along I-5, availability of executive housing, and availability of highly educated workers may make Lake Oswego attractive as a place to locate corporate or regional headquarters.
- **Green Businesses.** There is no clear definition of what constitutes a green industry or

business. In general, green businesses are those that produce products or services that improve or maintain environmental quality. Opportunities for environmentally conscious businesses are growing. The type of green businesses that may choose to locate or expand in Lake Oswego includes: training and support firms, research firms, or small scale, light industrial firms with environmentally friendly practices.

- **Health Care.** One of the fastest growing sectors in the national and State economy is Health Care. The aging of the population in Lake Oswego, and the Portland metropolitan region, make Health Care a sector that is likely to grow in Lake Oswego. The types of health care businesses likely to locate or expand in Lake Oswego are medical offices rather than large complexes, given land supply.
- **Services for Residents.** Population growth will drive development of retail and government services in Lake Oswego.
- **Services for Seniors.** The Portland metropolitan region and Lake Oswego's growing population of retirees or people nearing retirement, creates demand for services for seniors, such as medical services or high-amenity senior housing, which may be attracted to Lake Oswego.
- **Government and Public Services.** Lake Oswego will continue to be the location for institutions such as: Lake Oswego City Services, the Lake Oswego School District, and Marylhurst University.
- **Advanced Continuing Education.** Lake Oswego has shown a commitment to lifelong learning opportunities and is strategic located near Marylhurst University, Portland Community College, Oregon Health and Sciences University and Lewis and Clark University.
- **Arts.** Lake Oswego supports and promotes the arts through the Arts Council of Lake Oswego, Lakewood Center for the Arts and annual Festival of the Arts among other opportunities. This is an integral part of the community that contributes to the excellent quality of life, one of the City's competitive advantages.

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

INVENTORY OF SUITABLE SITES (LAND SUPPLY)

Consistent with the employment land demand forecast, the buildable land inventory (BLI) for the Lake Oswego EOA documents industrial and commercial inventory that currently exists within the Lake Oswego USB.

The BLI includes an analysis of existing vacant and partially vacant (sub-dividable) tax lots by current zoning classification and deducted all significant environmental constraints (wetlands, floodplains, stream corridors and slopes greater than 25%) to estimate buildable land area within the Lake Oswego USB. The buildable land area for each tax lot was derived by analyzing GIS data pertaining to environmental features that would constrain the amount of potential site development on vacant and partially vacant areas. The vacant and part-vacant land inventory includes tax lots or parcels that have at least 10,000 square feet (about 1/4 acre) of buildable land area (net of existing developed buildings and environmental and slope constraints).

The land supply analysis focused on the land use classifications that can accommodate job growth within the USB and does not include zones with no buildable land. As shown in Table 9, Lake Oswego has four commercial, one institutional and one industrial zoning designation that meet these criteria**.**

Table 9. Lake Oswego Employment Zone Designations

Commercial
East End General Commercial (EC)
General Commercial (GC)
West Lake Grove Office Commercial/Neighborhood Commercial (OC/NC)
Campus Research & Development (CR&D)
Institutional
Campus Institutional (CI)
Industrial
Industrial Park (IP)

Prepared by FCS GROUP.

The vacant and partially vacant land inventory for the Lake Oswego USB includes 12 tax lots with a total buildable land area of 20.11 acres, as indicated in Table 10.

Table 10. Distribution of Vacant and Part Vacant Lands by Land Use Zone Classification, Lake Oswego USB

Zone	Vacant and Part-Vacant Property									
	0.26 to 1 Acre		1 to 3 Acres		3 to 6 Acres		> 6 Acres		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
Commercial	7	2.98	2	4.63	1	4.67			**10**	**12.3**
EC	*2*	*0.57*							***2***	***0.6***
GC	*4*	*1.89*	*2*	*4.63*					***6***	***6.5***
OC/NC	*1*	*0.52*							***1***	***0.5***
CR & D					*1*	*4.67*			***1***	***4.7***
Institutional (CI)							1	6.92	**1**	**6.92**
Industrial (IP)	1	0.91							**1**	**0.91**
Total	**8**	**3.89**	**2**	**4.63**	**1**	**4.67**	**1**	**6.92**	**12**	**20.11**

Prepared by FCS GROUP.

Redevelopment Potential

In addition to the vacant and part-vacant BLI development opportunities, the City of Lake Oswego is also anticipating the potential for significant redevelopment to occur within these and other employment zones. This includes employment zones: Industrial (I), General Commercial (GC) Highway Commercial (HC); and mixed-use zones: Office Campus/Townhome Residential (OC/R-2.5); Neighborhood Commercial/Residential High Density (NC/R-0); Office Campus/Residential High Density (OC/R-3); and East End Commercial/Residential High Density (EC/R-0).

Unique Refill and Redevelopment Considerations

- Office vacancy rates end of 2010 were 18.3% in Kruse Way and 12.2% in Lake Oswego/West Linn. Equals 635,000 square feet of vacant space.
    - Vacant buildings could support about 1,500 jobs in Lake Oswego (with no vacant land need).
- Retail has relatively low vacancy rates (4%).
- Industrial had negative absorption during 2010 in Lake Oswego (lost 24,000 SF with 6% vacancy rate).
- There are about 103 acres of mixed-use land area with medium to very high redevelopment potential in Lake Oswego (could accommodate about 1,600 net new jobs).

The analysis of redevelopment opportunities is based on the ratio of assessed improvement value to land value for each tax lot using 2010 Clackamas County Assessor data where parcels with an improvement value of 150% or less of the land value are considered redevelopable. The results provided in Table 11 indicate that there is a significant amount of redevelopment potential within the Lake Oswego USB. The redevelopment analysis identifies more than 121 acres with economic development potential in the Downtown, Foothills, Kruse Way and Boones Ferry areas.

Table 11. Potential Mixed-Use Redevelopment Parcels with less than 1.5:1 improvement-to-land-value ratio and greater than ¼ Acre, Lake Oswego USB

Zoning	Downtown	Foothills	Kruse Way	Boones Ferry	Subtotal
GC	0.0	0.0	0.0	21.3	21.3
NC/R0	0.0	0.0	0.0	2.3	2.3
OC/R3	0.0	0.0	9.9	2.1	12.0
EC	14.8	0.0	0.0	0.0	14.8
HC	0.0	0.0	29.0	0.0	29.0
CR&D	0.0	0.0	0.0	0.0	0.0
EC/R0	0.0	25.7	0.0	0.0	25.7
I (Foothills area)	0.0	14.6	0.0	0.0	14.6
OC	0.0	0.0	0.0	1.6	1.6
Total	**14.8**	**40.2**	**38.9**	**27.3**	**121.2**

Source: Analysis by City of Lake Oswego and FCS GROUP, 2011.

SITE SUITABILITY ANALYSIS (LAND DEMAND)

In the case of Lake Oswego, the city is located within the Metro planning boundary and also needs to maintain consistency between adopted regional plans and requirements. The most recent adopted jobs and population forecast for the Lake Oswego area is from 2005 (Metroscope Generation 2.3) and is now being updated by Metro staff (release date expected December 2011).

Preliminary employment and population forecasts for the Lake Oswego area have also been released as part of the 2009 Metro Urban Growth Report, as reflected in the "High" employment growth forecast. Lake Oswego is in the process of coordinating with Metro to update jobs and population forecasts, which are planned for release by Metro in December 2011. The draft EOA will be updated to reflect this forecast prior to final submittal.

Hence, for planning purposes, four job growth forecast scenarios are assumed and summarized in Table 12:[16]

Low Growth Forecast is based on the average annual growth rate (AAGR) from the 2010 census between 2000 and 2010 and assumes that the overall job growth is consistent with population growth in the Lake Oswego USB, with no changes to existing land supply or zoning. In light of recent trends and local objectives, we have assumed no gain/loss in jobs within the government and industrial sectors, and growth to occur in the retail and service sectors.

Medium Growth Forecast utilizes the most current trend and forecast data available from the Oregon Employment Department. Like the low growth forecast, it also is based on the AAGR from the 2010 census between 2000-2010 and assumes that the overall job growth is consistent with population growth in the Lake Oswego USB, with no changes to existing land supply or zoning. In light of recent trends and local objectives, we have assumed no gain/loss in jobs within the government and industrial sectors, and growth to occur in the retail and service sectors. To create this forecast, FCS GROUP adjusted the Lake Oswego USB 2009 employment estimates to year 2010 using current employment statistics for the January to December 2010 time period by job sector based on Oregon Employment Department data for Clackamas County.

Medium-High Growth Forecast assumes future job growth is consistent with the Oregon Employment Department 2008-2018 employment sector forecasts for Region 15 (Clackamas County). Long-term average annual growth rates for employment sectors are based on the most recent 10-year (2008-2018) employment forecast for job sectors in Clackamas County (Region 15), and are extrapolated to year 2035.

High Growth Forecast assumes that the job growth rate is consistent with the 2009 Metro Urban Growth Report (UGR) assumptions (which are still being refined for release in December 2011).

[16] Base year (2010) has been updated to reflect current Oregon Employment Dept. job estimates for Lake Oswego USB (Dec. 2009) adjusted to Dec. 2010 using current monthly employment statistics for Clackamas County.

Table 12. Employment Growth Forecasts, Lake Oswego USB, 2010-2035

Low Growth Forecast	2010 Estimate	2035 Projection	Change 2010-2035	Average Annual Change	AAGR*
Employment	20,538	22,546	**2,008**	57	0.37%
Retail	*1,551*	*1,760*	***209***	*6*	*0.51%*
Commercial/Services	*13,382*	*15,181*	***1,799***	*51*	*0.51%*
Industrial	*2,834*	*2,834*	-----	-----	*0%*
Government/Education	*2,771*	*2,771*	-----	-----	*0%*
Medium Growth Forecast	**2010 Estimate**	**2035 Projection**	**Change 2010-2035**	**Average Annual Change**	**AAGR***
Employment	20,538	24,354	**3,815**	109	0.68%
Retail	*1,551*	*1,948*	***396***	*11*	*0.91%*
Commercial/Services	*13,382*	*16,801*	***3,419***	*98*	*0.91%*
Industrial	*2,834*	*2,834*	-----	-----	*0%*
Government/Education	*2,771*	*2,771*	-----	-----	*0%*
Medium-High Growth Forecast	**2010 Estimate**	**2035 Projection**	**Change 2010-2035**	**Average Annual Change**	**AAGR***
Employment	20,538	25,398	**4,859**	194	0.85%
Retail	*1,551*	*2,142*	***590***	*24*	*1.30%*
Commercial/Services	*13,382*	*17,297*	***3,915***	*157*	*1.03%*
Industrial	*2,834*	*2,492*	***(142)***	*(14)*	*-0.51%*
Government/Education	*2,771*	*3,468*	***697***	*28*	*0.90%*
High Growth Forecast	**2010 Estimate**	**2035 Projection**	**Change 2010-2035**	**Average Annual Change**	**AAGR***
Employment	20,538	34,280	**13,741**	550	2.07%
Retail	*1,551*	*2,691*	***1,140***	*46*	*2.23%*
Commercial/Services	*13,382*	*23,001*	***9,619***	*385*	*2.19%*
Industrial	*2,834*	*4,251*	***1,417***	*57*	*1.63%*
Government/Education	*2,771*	*4,336*	***1,565***	*63*	*1.81%*

*AAGR = average annual growth rate

Note: a portion of the total net new job growth shown in Table 12 can and will occur within vacant buildings, including Kruse Way Corridor and locations, and a portion will need to be accommodated on vacant lands and through redevelopment opportunities.

Prepared by FCS GROUP.

The annual average job growth rates were used to create job forecasts which determined a 2010 to 2035 employment demand ranging from 1,377 jobs for the low growth forecast to 13,192 jobs for the high growth forecast, as indicated in Table 13.

Table 13. Lake Oswego 2010-2035 Net New Employment Forecasts

Industry Type	Low	Medium	Med-High	High
Retail Trades	143	272	567	1,094
Services	1,234	2,345	3,758	9,234
Industrial	-----	-----	(329)	1,360
Government	-----	-----	669	1,503
Total	**1,377**	**2,616**	**4,665**	**13,192**

Prepared by FCS GROUP.

Once the annual average job growth rates and job forecasts were created, a series of assumptions were used to allocate: jobs to building types; building types to square feet of floor area; and building floor area to redevelopment or vacant lands by general zone classification. The following key assumptions are generally consistent with the Metro Urban Growth Report (UGR) and local experience.

The methodology used to translate the employment growth forecast shown in Table 13 into the vacant land needs forecasts involved a series of assumptions to allocate jobs to building types (see Table 14), and assumptions to allocate building types into redevelopment and new construction floor area requirements (Table 15); and then building types into general land use classifications (Table 16). The assumptions for translating job forecasts into building and land needs were derived by FCS GROUP and City of Lake Oswego Long Range Planning staff based on local observations; with assumptions that are generally consistent with the methodology utilized by Metro in the Draft 2009-2030 UGR. See Appendix B for more information.

As shown in **Table 14**, the long-term analysis of vacant land need for employment growth within the Lake Oswego USB by year 2035 identifies a range in employment land needs from 14 acres (low) to 23 acres (medium) to 56 acres (medium-high) and up to 141 acres (high).

Table 14. Vacant Employment Land Demand Forecast, Lake Oswego USB, 2010 to 2035 (gross buildable acres)

	Vacant Land Demand			
Land Use Classification	**Low**	**Medium**	**Med-High**	**High**
Commercial and Mixed Use	10	20	40	95
Institutional	1	1	9	21
Industrial	1	2	0	24
Total Vacant Land Demand	**14**	**23**	**56**	**141**

Source: compiled by FCS GROUP.

ASSESSMENT OF EMPLOYMENT LAND NEEDS

A range of land need forecasts were prepared for consideration, including: low, medium, medium-high and high land needs scenarios.

Table 15 summarizes Lake Oswego's land supply and demand for each employment growth forecast. The Economic Opportunities Analysis requirements focus on an assessment of vacant employment land, however due to Lake Oswego's limited supply of vacant employment land, this report also assesses the potential to add jobs through redevelopment and through filling vacant office space.

The results in Table 15 show that with the exception of Institutional demand in the medium-high employment forecast, Lake Oswego's supply of vacant and redevelopable land along with vacant office space, could provide the capacity for over 4,000 new jobs under the medium job growth forecast. The limited *vacant* land supply can most easily accommodate the low growth forecast without more focused economic strategies to support job growth. While commercial and mixed-use land demand can only be met by vacant land in the low scenario, the redevelopable land supply provides sufficient capacity to meet commercial/mixed-use demand in all but the high growth forecast. For institutional uses, the vacant land supply can accommodate the low and medium demand forecasts, while an additional 2.1 to 14.1 acres of land would be needed for the medium-high and high forecasts. For industrial uses, the low to flat demand in all but the high scenario, combined with over 30 acres of redevelopment potential in the southwest Industrial Park zone, results in a surplus of industrial land for the low, medium and medium-high employment forecasts.

Short-Term Land Supply and Need Determination

In addition to the long-term land supply, OAR 660-009-0005 also requires the identification of a short-term supply of land meaning "suitable land that is ready for construction within one year of an application of a building permit or request for a service extension." OAR 660-009-0025 also requires that cities must provide "*at least 25 percent of the total land supply within the urban growth boundary designated for industrial and other employment uses as short-term supply."*

In Lake Oswego's case all of the vacant employment land supply currently included within the Lake Oswego USB has urban services and infrastructure (roads, water, sewer, storm water drainage) facilities to handle some level of potential development, or such facilities could be expanded within a 1-3 year time frame to render the inventory suitable for accommodating short-term development.

Table 15. Employment Vacant Land Needs and Vacant Land Supply, Lake Oswego USB, 2010 to 2035 (gross buildable acres)

Commercial & Mixed-Use	Vacant & Redevelopment Potential Land Acreage			
	Low Growth Scenario	Medium Growth Scenario	Med-High Growth Scenario	High Growth Scenario
Land Supply – *Vacant*	12.3	12.3	12.3	12.3
Land Supply – *Redevelopment*	106.7	106.7	106.7	106.7
Land Supply Subtotal	**119.0**	**119.0**	**119.0**	**119.0**
Vacant Land Demand	10.0	20.0	40.0	95.0
Redevelopment Land Demand [1]	8.7	21.8	49.4	91.7
Land Demand Subtotal	**18.7**	**41.8**	**89.4**	**186.7**
Overall Land Surplus / (Deficit)	**100.3**	**77.2**	**29.6**	**(67.7)**
Institutional				
Land Supply – *Vacant*	6.9	6.9	6.9	6.9
Land Supply – *Redevelopment*	n/a	n/a	n/a	n/a
Land Supply Subtotal	**6.9**	**6.9**	**6.9**	**6.9**
Vacant Land Demand	1.0	1.0	9.0	21.0
Redevelopment Land Demand [2]	0.5	1.0	16.7	37.6
Land Demand Subtotal	**1.5**	**2.0**	**25.7**	**58.6**
Overall Land Surplus / (Deficit)	**5.4**	**4.9**	**(18.8)**	**(51.7)**
Industrial				
Land Supply –*Vacant*	1.0	1.0	1.0	1.0
Land Supply – *Redevelopment*	37.5	37.5	37.5	37.5
Land Supply Subtotal	**38.5**	**38.5**	**38.5**	**38.5**
Vacant Land Demand	1.0	2.0	-	24.0
Redevelopment Land Demand [3]	-	-	-	46.4
Land Demand Subtotal	**1.0**	**2.0**	**-**	**70.4**
Overall Land Surplus / (Deficit)	**37.5**	**36.5**	**38.5**	**(31.9)**

Note: Redevelopment assumptions assume portion of job growth is addressed though building refill/vacancy absorption as noted in Appendix C.

IMPLEMENTATION

Vacant Land Supply/Redevelopment

According to the City's BLI, Lake Oswego has a limited supply of vacant land area inside the USB of approximately 20 acres, seven of which are at Marylhurst/Mary's Woods. Therefore, the City must rely on its redevelopment capacity, and optimize of the remaining vacant land inventory to retain and attract business investment and employment opportunities.

Possible Strategies for Policy Consideration

1. Identify areas for increased, redeveloped employment densities.
2. Strengthen the City's redevelopment program; identify redevelopment tools, strategies and priorities.
3. Use incentive-based approaches and/or regulatory strategies to promote redevelopment and greater development intensity (mixed-use redevelopment with combined retail or office uses and housing), especially in centers and corridors. Options include, but are not limited to:
    - Using urban renewal and tax increment financing for the development of infrastructure necessary to stimulate economic growth
    - Exploring reduced system development charges where merited
    - Changing development standards or restrictions (overall or for certain types of desired development)
    - Assembling land
    - Investing in structured parking, requiring less parking and/or increasing public transportation use

Commitment to Provide a Short-Term Land Supply

Cities must provide a competitive short-term supply of land. Short-term is defined as developable within one year. Cities must also include detailed strategies for preparing the total land supply for development and replacing the short-term supply of land as it is developed. The policies should identify a process for regular review of the short-term supply of employment land.

Possible Strategies
Monitor and update the Buildable Lands Inventory to assess annually the adequacy of short and long-term supplies of buildable employment land.

Commitment to Provide Adequate Sites and Facilities

Cities must include policies to designate an adequate number of sites of suitable sizes, types and locations for their employment need. Cities also must have policies that provide necessary public facilities and transportation facilities through public facilities and transportation system planning.

Possible Strategy
Address the public facility needs of business and economic development through identifying and programming needed public facilities and services. Update public facility plans according to the economic development vision, objectives and strategies.

Discuss and resolve the desired balance between industrial and employment land.

Other Considerations

Small Businesses
Home occupations are an important form of land use efficiency in Lake Oswego. Home occupations offer employment land use efficiency because they are typically located in existing dwellings and do not require additional land or built space.

Possible Strategy
Emphasize policies that encourage or support home-based employment for sole practitioners while balancing neighborhood quality of life. Provide more opportunities by adding greater flexibility with home occupations.

Appendix A. Assumptions for Vacant Land Needs Forecast

Assumptions for Allocating Employment Sectors to Building Types

Employment Sectors	Building Types						
	Office	Institutional	Flex/Bus. Park	General Industrial	Warehouse	Retail	Total
Retail	5%	1%	5%	0%	0%	89%	100%
Services	72%	1%	5%	0%	0%	22%	100%
Industrial	0%	0%	67%	31%	2%	0%	100%
Government/ Education	30%	60%	5%	0%	0%	5%	100%

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

Assumptions for Allocating Building Types to Land Needs*

	Office	Government/ Institutional	Flex/Bus. Park	General Industrial	Warehouse	Retail
Vacant Building/Redevelopment Job Allocation[1]	70%	20%	70%	70%	70%	50%
Vacant Land Allocation[2]	30%	80%	30%	30%	30%	50%
Building SF Per Job[2]	250	600	550	700	1,100	500
Floor-Area-Ratio[2]	0.50	0.35	0.35	0.30	0.30	0.30
Public Facility Net:Gross Adjustment[3]	1.10	1.05	1.10	1.05	1.05	1.10
Work at Home Adjustment[4]	0.15	0.05	0.05	0.05	0.03	0.05

** Assumptions are intended to reflect a long-term average.*
1. Adjusts for building refill & vacancy allowances.
2. Building density assumptions for building types are generally consistent with the 2009 Metro Draft 2009-2030 Urban Growth Report development forecast methodology/ assumptions.
3. Allowances take into account land dedicated to public/utility easements.
4. Allowance based on local business license data; and is generally consistent with national statistics by US Dept. of Labor, Bureau of of Labor Statistics, Technical information: "Work at Home in 2004".
Source: assumptions are generally consistent with the Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Potential Employment Growth Forecasts and Required Building Floor Area, Lake Oswego USB, 2010 to 2035

Potential Demand for Vacant Buildings/Redevelopment (floor area in Sq.Ft.)

	Low	Medium	Med-High	High
Office	133,000	253,000	437,000	1,064,000
Institutional	2,000	3,000	51,000	115,000
Flex/Business Park	25,000	48,000	11,000	550,000
General Industrial	-----	-----	(47,000)	196,000
Warehouse	-----	-----	(5,000)	20,000
Retail	95,000	180,000	324,000	-----
Total	**255,000**	**484,000**	**771,000**	**1,945,000**

Potential Demand for Development on Vacant Lands (floor area in Sq.Ft.)

	Low	Medium	Med-High	High
Office	57,000	108,000	187,000	456,000
Institutional	6,000	12,000	203,000	458,000
Flex/Business Park	11,000	21,000	5,000	236,000
General Industrial	-----	-----	(20,000)	84,000
Warehouse	-----	-----	(2,000)	9,000
Retail	95,000	180,000	324,000	732,000
Total	**169,000**	**321,000**	**697,000**	**1,975,000**

Total Potential Building Floor Area Demand (floor area in Sq.Ft.)

	Low	Medium	Med-High	High
Office	190,000	361,000	624,000	1,520,000
Institutional	8,000	15,000	254,000	573,000
Flex/Business Park	36,000	69,000	16,000	786,000
General Industrial	-----	-----	(67,000)	280,000
Warehouse	-----	-----	(7,000)	29,000
Retail	190,000	360,000	648,000	732,000
Total	**424,000**	**805,000**	**1,468,000**	**3,920,000**

Source: compiled by FCS GROUP, 2011.

Building to Land Use Assignment Assumptions

Local Zoning Classification	Office	Institutional	Flex/Bus. Park	General Industrial	Warehouse	Retail
Commercial	60%	30%	10%	10%	0%	65%
Mixed Use	30%	10%	5%	5%	0%	30%
Institutional	10%	60%	0%	0%	10%	0%
Industrial	0%	0%	85%	85%	90%	5%
Total	100%	100%	100%	100%	100%	100%

Assumptions by FCS GROUP and City of Lake Oswego planning staff based on local observations.

Appendix B. Redevelopment Allocations and Land Needs by Forecast

Redevelopment Forecast, Low Growth Scenario, Lake Oswego USB, 2010-2035

Building Type	Net New Demand for Building Floor Area (Sq.Ft.) [1]	Potential Absorption in Existing Vacant Buildings (%) [2]	Potential Absorption in Existing Vacant Buildings (SF)	Potential Absorption for New Redevelop-ment (SF)	Building Sq.Ft. Per Job [3]	Most Likely Job Growth	Avg. Building Floor-Area-Ratio [3]	Redevel-opment Land Need (acres)
Office	190,000	100%	190,000	-	250	760	0.50	-
Institutional	8,000	50%	4,000	4,000	600	13	0.35	1
Flex/Business Park	36,000	100%	36,000	-	550	65	0.35	-
General Industrial	-	-	-	-	700	-	-	-
Warehouse	-	-	-	-	1,100	-	-	-
Retail	190,000	40%	76,000	114,000	500	380	0.30	9
Total	**424,000**		**306,000**	**118,000**		**1,219**		**9**

Redevelopment Forecast, Medium Growth Scenario, Lake Oswego USB, 2010-2035

Building Type	Net New Demand for Building Floor Area (Sq.Ft.) [1]	Potential Absorption in Existing Vacant Buildings (%) [2]	Potential Absorption in Existing Vacant Buildings (SF)	Potential Absorption for New Redevelop-ment (SF)	Building Sq.Ft. Per Job [3]	Most Likely Job Growth	Avg. Building Floor-Area-Ratio [3]	Redevel-opment Land Need (acres)
Office	361,000	100%	361,000	-	250	1,444	0.50	-
Institutional	15,000	50%	7,500	7,500	600	25	0.35	1
Flex/Business Park	69,000	100%	69,000	-	550	125	0.35	-
General Industrial	-	-	-	-	700	-	-	-
Warehouse	-	-	-	-	1,100	-	-	-
Retail	360,000	21%	75,600	284,400	500	720	0.30	22
Total	**805,000**		**513,100**	**291,900**		**2,314**		**23**

Redevelopment Forecast, Medium-High Growth Scenario, Lake Oswego USB, 2010-2035

Building Type	Net New Demand for Building Floor Area (Sq.Ft.) [1]	Potential Absorption in Existing Vacant Buildings (%) [2]	Potential Absorption in Existing Vacant Buildings (SF)	Potential Absorption for New Redevelop-ment (SF)	Building Sq.Ft. Per Job [3]	Most Likely Job Growth	Avg. Building Floor-Area-Ratio [3]	Redevel-opment Land Need (acres)
Office	624,000	80%	499,200	124,800	250	2,496	0.50	6
Institutional	254,000	10%	25,400	228,600	600	423	0.35	17
Flex/Business Park	16,000	100%	16,000	-	550	29	0.35	-
General Industrial	(67,000)	-	-	(67,000)	700	(96)	-	-
Warehouse	(7,000)	-	-	(7,000)	1,100	(6)	-	-
Retail	648,000	12%	77,760	570,240	500	1,296	0.30	44
Total	**1,468,000**		**618,360**	**849,640**		**4,142**		**66**

Redevelopment Forecast, High Growth Scenario, Lake Oswego USB, 2010-2035

Building Type	Net New Demand for Building Floor Area (Sq.Ft.) [1]	Potential Absorption in Existing Vacant Buildings (%) [2]	Potential Absorption in Existing Vacant Buildings (SF)	Potential Absorption for New Redevelop-ment (SF)	Building Sq.Ft. Per Job [3]	Most Likely Job Growth	Avg. Building Floor-Area-Ratio [3]	Redevel-op ment Land Need (acres)
Office	1,520,000	40%	608,000	912,000	250	6,080	0.50	42
Institutional	573,000	5%	28,650	544,350	600	955	0.35	38
Flex/Business Park	786,000	10%	78,600	707,400	550	1,429	0.35	46
General Industrial	280,000	-	-	280,000	700	400	-	-
Warehouse	29,000	-	-	29,000	1,100	26	-	-
Retail	732,000	11%	80,520	651,480	500	1,464	0.30	50
Total	**3,920,000**		**795,770**	**3,124,230**		**10,354**		**176**

Appendix C. Vacant Building Absorption Assumptions

	Vacant Building Absorption Assumption (building floor area in sq. ft.)			
	Low Growth Scenario	Medium Growth Scenario	Med-High Growth Scenario	High Growth Scenario
1. Commercial & Mixed-Use (floor area sq.ft.)	266,000	436,600	576,960	688,520
2. Institutional (floor area sq. ft.)	4,000	7,500	25,400	28,650
3. Industrial (floor area sq. ft.)	36,000	69,000	16,000	78,600

Appendix D. Stakeholder Interview Summary

ECONorthwest conducted interviews with five stakeholders in Lake Oswego. The stakeholders were identified by City staff and included the following people:

1. Matt Coles with Shorenstein Properties
2. Jerry Wheeler with the Lake Oswego Chamber of Commerce
3. Steve Dodds with Norris, Beggs & Simpson
4. Robert LeFeber with Commercial Realty Advisors, Northwest LLC
5. Barry Cain and Matt Grady with Gramor Development

We asked the stakeholders what the opportunities and barriers to economic development in Lake Oswego are. This appendix presents the themes from the interviews.

Opportunities for economic development in Lake Oswego

Interviewees identified the following opportunities to doing business in Lake Oswego:

1. **High amenity.** The amenities in Lake Oswego provide opportunities for business. The amenities attract high-quality workers to the City and make the City attractive to businesses that want to locate in a high amenity area. The amenities most frequently mentioned were: high-end housing, parks, high environmental quality, the Lake, restaurants, and retail.
2. **Demographics.** Lake Oswego's demographics are an opportunity, especially for retail businesses. The demographics identified were: the concentration of high income households, the aging population, family households, and high educational attainment. The types of businesses that might be attracted to Lake Oswego because of the City's demographics include services for the aging population (e.g., medical services) or high-end retail.
3. **Transportation access.** The City's location along I-5, access to I-205, and access to Highway 43 are an opportunity for businesses in Lake Oswego. The City's automotive access provides easy access to the rest of the Portland metropolitan region. If the streetcar is extended to Lake Oswego, that would provide earlier non-automotive access to Portland.
4. **Location.** Lake Oswego's proximity to Portland and location near other communities in the area is an opportunity, especially for businesses that prefer to locate near Portland or other nearby businesses.
5. **Small businesses.** The greatest opportunity for business development in Lake Oswego is for small businesses (those with 50 or fewer employees). Lake Oswego provides opportunities for entrepreneurs, as well as high-paying services (e.g., attorneys, engineering firms, or accounting firms).
6. **Home occupations.** Lake Oswego is attractive to people that want to live and work at home, in a high amenity area. The City may have opportunity for reducing employment land needs and providing opportunities for economic development through home occupations and home offices.
7. **Retail development.** Lake Oswego has opportunities for retail development, such as boutique retail and retail for residents in Downtown. Other areas of Lake Oswego

provide opportunities for retail development, such as village development in Lake Grove or high-end retail and services (e.g., a spa or financial institutions) in Lake View Village.

8. **Office development.** Kruse Way and Meadow Road provide opportunities for office development and location of businesses that want a prestigious location, such as regional or corporate headquarters. Building vacancies provide opportunities for attracting new businesses to Lake Oswego.
9. **Downtown.** Lake Oswego's downtown provides small, infill or redevelopment opportunities, as well as mixed-use opportunities with retail on the ground floor and commercial uses on the upper floors.
10. **City government.** The City government has opportunities to improve the business climate in Lake Oswego. Suggestions included: doing more to coordinate and promote economic development (e.g., assist with parcel assembly to make larger redevelopment project possible); modifying the planning process to make it easier and faster; modifying the zoning code to allow more flexibility with building design, building height (to allow five story buildings), and allow more flexibility with parking requirements. Several interviewees acknowledged that the City has made progress in making the development process easier but they felt it could be further improved.
11. **Infill and redevelopment.** The opportunities for employment growth in Lake Oswego are primarily through increasing densities through infill and redevelopment. There is little vacant land available for development but there is demand for commercial and retail growth in Lake Oswego.
12. **Potential UGB expansion.** If Metro expands the UGB and Lake Oswego expands into the Stafford basin, this would provide opportunities for light industrial and flexible commercial space. Additional land for employment uses would increase economic activity in Lake Oswego. Most interviewees said that they do not expect the City to expand into the Stafford basin in the foreseeable future.
13. **Urban renewal.** The urban renewal district in Downtown has made funding infrastructure improvements possible. Some interviewees suggested that the City should expand the urban renewal district to other areas that need improvements, such as the Foothills area.

Barriers to economic development in Lake Oswego

Interviewees identified the following barriers to doing business in Lake Oswego:

1. **Land.** The availability of land in Lake Oswego was the most commonly mentioned barrier to economic development. The barriers included: availability of vacant land, availability of sites over a few acres, and cost of land. The lack of light industrial land with highway access or flex space is a problem because the City has so little industrial land.
2. **Infill and redevelopment.** Infill and redevelopment, especially of sites larger than an acre, is difficult. This is especially true in Downtown, where parcel assembly of sites is very difficult because of the highly fragmented pattern of ownership. In addition, the City's policies make it difficult to change existing uses through rezoning.
3. **Parking.** High land costs make providing parking costly, especially for structured or underground parking. The need for parking, both because of the lack of transportation alternatives and City policies, make it difficult to increase densities in areas with office

buildings. In addition, the lack of parking in Downtown makes retail uses more difficult, especially for small retailers that cannot afford to build parking structures. The City could address this issue by building public parking structures.

4. **Providing infrastructure.** The cost of providing new infrastructure and funding maintenance of existing infrastructure is a barrier to economic development. The lack of needed infrastructure or maintenance is a barrier to economic development.
5. **Downtown.** The distance from Downtown to I-5 and the capacity of Highway 43 and local roads are a barrier to development in Downtown. The distance from I-5 will prevent Downtown from providing regional retail or services. In addition, increasing densities in Downtown substantially may create capacity issues on the street system, especially if people come from outside of Lake Oswego for retail and services.
6. **Affordable housing.** The lack of affordable housing, especially workforce housing, is a barrier to businesses with lower paid employees. These employees generally cannot afford to live in Lake Oswego and must commute from other communities.
7. **Community attitudes.** Community attitudes about development are a barrier to development, especially development near established neighborhoods. In addition, community concerns about development often make the development process slower.
8. **City government.** The complexity and speed of the planning process is a barrier to economic development. Interviewees identified the following barriers to economic development in City policies:
    - The City's design review process is inflexible and difficult.
    - The City's sign regulations are highly restrictive and do not allow retail businesses enough latitude to advertise their business.
    - The City's zoning ordinance prevents increases in density in some instances, with height limitations and parking requirements. The high cost of land combined with zoning restrictions may make some projects unviable, including some that the City might find desirable. For example, developers cannot build over four stories tall and must provide a certain amount of parking. The cost of the land, parking, and construction may make the project financially unviable. The same project might be financially viable if the building could be one or two stories tall.