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From: Todd Chase, AICP

RE: Draft Goal 9 (Economic Development) Findings

INTRODUCTION

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

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

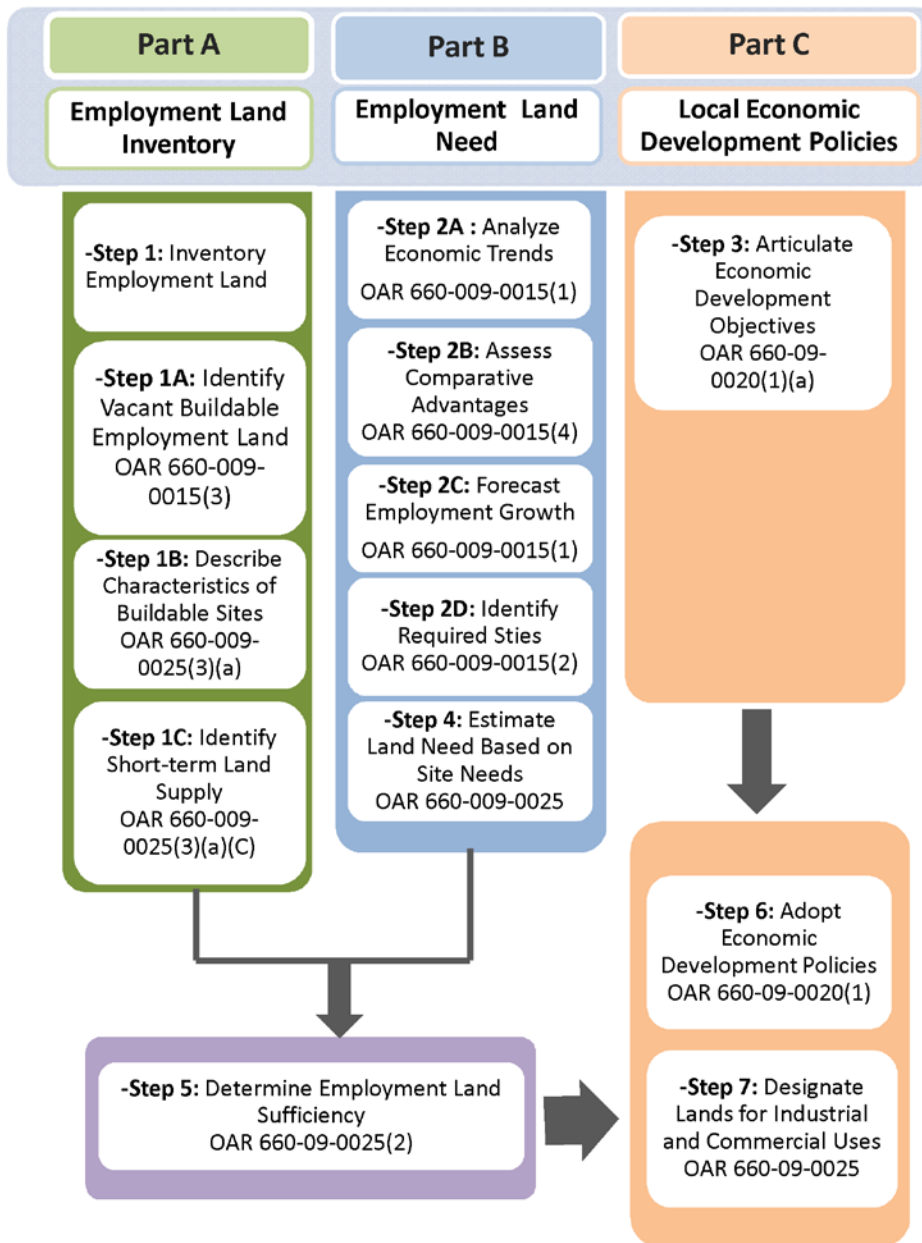
The City of Lake Oswego is undergoing a periodic review of its Comprehensive Plan per Oregon DLCD requirements. As part of the Comprehensive Plan update, the City must address the requirements of Goal 9 (Economic Development, OAR 660-009), and the requirement of Title 4 (Industrial and Other Employment Areas) of the Metro Urban Growth Management Functional Plan. Goal 9 requires cities to periodically review and update the following:

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

METHODOLOGY

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

Figure 1 Lake Oswego EOA Methodology and Approach



PRELIMINARY FINDINGS

Part A – Employment Land Inventory

The *Draft Lake Oswego EOA* includes a recent buildable land inventory completed by the City of Lake Oswego Planning Department staff using Geographic Information Systems (GIS) data that is consistent with the current *Draft 2009-2035 Urban Growth Report* (accepted by Metro Council in December 2009).

The city’s BLI included an analysis of existing vacant and part vacant (sub-dividable) tax lots by current zoning classification and deducted all significant environmental constraints (wetlands, floodplains, and slopes greater than 25%) to estimate buildable land area within the Lake Oswego Urban Service Boundary (USB). The vacant and part-vacant land inventory includes tax lots or parcels that have at least 10,000 square feet (about ½ 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 support employment uses, including commercial, mixed-use, and industrial zones. A summary of current local Lake Oswego zoning classifications and general land use assignments for the EOA are provided in **Table 1**. The land use zones that are included in the vacant and part-vacant land inventory include:

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

In addition to these vacant and part-vacant BLI development opportunities, the City of Lake Oswego is also planning significant redevelopment to occur within these and other employment zones. This includes employment zones: Industrial (I) and 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).

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

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

Source: City of Lake Oswego.

Part B – Employment Land Need

The *Draft Lake Oswego EOA* (by ECONorthwest June 2010), includes an analysis of existing and potential target clusters that are well-suited to the local area. These targeted clusters have

been reviewed by the TAC and Goal 9 and 10 Work Group, and refined for consideration in the EOA. The targeted clusters include:

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

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.

To determine the overall employment land demand, the city can abide by safe harbor planning requirements per OAR 660-024-0040.

OAR 660-024-0040 (9) provides:

“ The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 66, division 9, Goal 14 and if applicable, ORS 197.296.

- (a) *A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:*
 - A. *The county or regional job growth rate provided in **the most recent forecast by the Oregon Employment Department**; or*
 - B. *The population growth rate for the urban area in the adopted 20-year **coordinated population forecast** specified in OAR 660-024-0030.”*

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 Metro forecasts 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 (forecasts are still being refined and are planned for release by Metro in December 2011).

For long-range planning purposes, three job growth forecasts are provided in **Table 2**.

Low Growth Forecast: assumes that the overall job growth is consistent with population growth that could be accommodated in the Lake Oswego USB and counted toward the DLCDC requirement for housing developed under clear an objective development standards, 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. The Low Growth Forecast is not consistent with Metro’s forecast for the Lake Oswego area.

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

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

Table 2 Summary of Employment and Population Growth Forecasts

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

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

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

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

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

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

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

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

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

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

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

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

Source: analysis by FCS GROUP; excludes additional employment growth accommodated in redevelopment and people that work at home.

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

POLICY ISSUES AND CONSIDERATIONS

Part C – Local Employment Development Policies

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

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