

DATE: January 29, 2019
TO: Heather Richards and Tom Schauer
FROM: Bob Parker and Beth Goodman
SUBJECT: PROPOSED SCOPE OF WORK: MCMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS AND URBANIZATION REPORT

ECONorthwest is working with the City of McMinnville on a Housing Needs Analysis (HNA). The previous HNA was completed in 2001 and adopted in 2003. In 2007-2008, the City submitted a UGB amendment to DLCD for inclusion of 1,188 gross acres resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) in addition to adoption of a number of land use efficiency measures. Considerable change has occurred in McMinnville and in housing markets since that time. The HNA has three parts: (1) a residential buildable lands inventory; (2) a housing needs analysis; and (3) a housing strategy.

The City last updated its Economic Opportunities Analysis in November 2013. The 2013 EOA found that the city had a 36-acre deficit of commercial land and a 236-acre surplus of industrial land.

The City will be required to identify measures that it will take to ensure a 20-year supply of residential land before it can adopt the housing study. Given the conclusions of the 2001 HNA and the 2013 EOA, it is reasonable to assume that the land deficits for residential and commercial uses have only grown. Understanding the full spectrum of land needs requires evaluation of all three categories of need: residential, employment, and other (public and semi-public).

The HNA that ECO is currently working on will only provide a partial answer to the question of “how much land does McMinnville need to accommodate 20 years of forecast growth?” This question is complicated by the fact that residential uses can locate in some employment zones, and employment uses (including home occupations) can locate in residential zones. The only way to develop an accurate estimate of land need is to look at all three categories together.

This scope of work describes how ECONorthwest will (1) update the EOA, and (2) look at all land needs together (what we commonly refer to as an urbanization report).

Approach

Broadly, this project includes three elements:

- **Commercial and Industrial Land Inventory.** The 2013 EOA included a land inventory; that inventory will need to be updated to accurately reflect land supply in 2019. For the sake of consistency, we propose to use the same data sets for the employment BLI as used for the residential BLI. We also proposed to use similar methods and assumptions (with appropriate modifications to reflect rules around employment land).

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- **Updated Economic Opportunities Assessment.** We propose to update many, but not all, elements of the EOA. Sections that will require updating include: economic trends (chapters II and III) and economic development potential (chapter IV); employment forecast and land need (chapter V). What we do not propose to update is the assessment of target industries and the economic development policies/strategies (the economic development objectives (chapter VI). If necessary or appropriate we will update Chapter VI to incorporate information from the recently updated McMinnville Economic Development Strategy.
 - **Comparison of Land Supply and Need.** This will combine data from the HNA and EOA with new estimates of other land needs to develop a comprehensive land needs assessment.

We see this effort as largely a set of technical updates that will use methods and assumptions that are consistent with previous work (noting that some assumptions will need to be updated). If the city desires to engage a committee in this work, we can work with staff to frame out the process steps. Our proposed budget includes four meetings in McMinnville.

Work Plan

The following work plan is intended to address the tasks described above. We are flexible in refining the details to best suit the city's desired outcomes.

Task 0: Project Kickoff

The project kickoff will provide an opportunity to discuss the project, clarify the project objectives, and begin discussion of key technical issues with city staff. The subjects that will be discussed at the project kickoff are: clarification of study objectives, state and local policies related to developing the EOA and land needs estimates, and necessary clarifications of the project scope and schedule. ECONorthwest will prepare a preliminary outline of the final products in advance of this meeting.

Task 1: Commercial and Industrial Buildable Lands Inventory

We propose the Buildable Lands Inventory (BLI) for the EOA be based on the same data about tax lots, assessor's data, and constraints data as the HNA. While some assumptions and analytical approaches are different for the HNA and EOA, it is easier (both technically and for stakeholders' understanding of the data) to have one integrated BLI. For example, an important consideration in the project will be issues related to mixed-use development, which involves both the HNA and EOA. Having one integrated BLI makes it easier to produce comprehensive data about capacity for mixed-use development.

This task will result in a comprehensive inventory of commercial, industrial, and residential buildable lands within the urban growth boundary (note: the residential BLI is part of the housing study). The BLI will be developed using the methods described in the approach section. ECONorthwest staff will coordinate with City staff to obtain additional GIS and other data from other sources as needed.

The result of this task will be an inventory of suitable buildable commercial, industrial, and residential buildable lands within the UGB. The inventory will include a description of the characteristics of key suitable vacant employment sites within the city. The BLI will result in tabular summaries and maps of vacant and partially vacant land, with development constraints.

Task 2: Update Economic Opportunity Analysis

The purpose of this task is to update the analysis of employment growth potential and demand for the economic opportunities analysis (EOA) that comply with the requirements of Goal 9 and OAR 660-009. Generally, ECONorthwest will use the advanced methods described in the Goal 9 guidebook (*Industrial and Other Employment Lands Analysis Guidebook*, DLCDC).

The analysis will address relationships among demographics, employment growth, market trends, and development. Population growth, demographic shifts, and employment growth by sector will drive demand for future development. Forecasting employment land demand will require completing the following tasks:

Review of National, State, and Local Trends. The demand analysis will include an update of national, regional, and local trends affecting economic development in the city. The overview of national and state trends will focus on major long-run trends, while the overview of local trends will provide more detail on conditions in the city and the surrounding region over the past 10–20 years. This review will also consider forecasts for future conditions in the region.

Assessment of Community Economic Development Potential. The demand analysis will update the estimate the types and amounts of industrial and commercial development likely to occur in the city. This estimate will be based on the planning area’s economic advantages and disadvantages in attracting new or expanded development. We will rely on information in the 2013 EOA for our evaluation of economic advantages and disadvantages.

Forecast of employment growth in the city. Based on the review of trends and the factors that may affect the city’s economic opportunities, ECONorthwest will develop an updated forecast of employment growth in the city. We recommend considering using one of the “safe harbor” methodologies described in OAR 660-024-0040(9). We will work with City staff to determine the best approach to develop the 20-year employment forecast. The forecast will also include 5, 10, and 46-year periods. ECO will link the 5-year forecast to the required analysis of short-term employment land supply.

Identification of Required Site Types. The demand analysis will rely on analysis from the 2013 EOA for the characteristics of employment sites that will be needed to accommodate the expected employment growth based on the forecast of employment growth and on the types of employers (target industries) that the city aspires to attract (as identified in the economic development vision).

This analysis will result in an estimate of the amount and type of land needed to accommodate the forecast for employment growth and to implement the City’s economic development vision. ECONorthwest will estimate the capacity of employment lands based on rules-of-thumb about employment densities in the city by plan designation. The estimate of land need will combine

the forecast of employment growth in the city, which reflects expected employment growth based on past trends, with the aspirational goals for economic development identified in the City's 2017 economic development strategy. ECONorthwest will test whether the city's land base can accommodate expected growth based on the employment forecast.

The results of the EOA will be a determination of whether the city has enough commercial and industrial land to accommodate expected growth. ECONorthwest will "ground-truth" the analysis with city staff, focusing on issues such as the City's vision for economic development, identification of target industries for growth in the city, sites needed to accommodate growth of target industries, and opportunities for employment land redevelopment.

If desired, ECONorthwest will present the results of this analysis to the project advisory committee and incorporate their feedback into the economic opportunities analysis.

Task 3: Estimate Land Sufficiency (Residential, Employment, Public and Semi-Public)

This task involves a comparison of sites in the inventory and needed land for residential, employment, and public and semi-public uses. ECONorthwest will identify residential land needs by plan designation from in the housing needs analysis. As part of the EOA and economic development strategy, ECO will identify site needs by broad category of site types by plan designation (as described in Task 3).

The task also requires identification of land needed for public and semi-public uses, including land needed for public facilities, schools, churches, fraternal organizations, hospitals, nonprofits, and other public and semi-public uses. ECO will determine public and semi-public land needs based on an analysis of existing uses and expected future needs. ECO will work with City staff to coordinate with the school district to understand their 20-year land needs. We will develop net to gross factors for employment designations using methods similar to those in the HNA.

ECO will develop narrative and summary tables that present the results of the analysis.

Task 4: EOA Advisory Committee

Developing an economic opportunities analysis requires engagement with stakeholders who are knowledgeable about the conditions in and community objectives of McMinnville. We recommend a committee meeting process, such as the following, which will both inform the Committee about the analysis and provide opportunities for the Committee to give input on the analysis. Based on our experience working on other projects, we recommend that the discussions with the Committee focus on policy analysis and development.

We propose four committee meetings in McMinnville with the committee as outlined below.

- **Meeting 1: Commercial and Industrial Buildable Lands Inventory (Supply)** – Presentation and discussion of industrial and other employment land supply, constraints and opportunities. BLI will be discussed in the context of the residential BLI.

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- **Meeting 2: Trends and Site Types (Demand)** – Presentation and discussion of regional market opportunities, McMinnville’s market position, assets and land use needs.
 - **Meeting 3: Where Demand, Supply and Innovation Meet: Assessment of Community Economic Development Potential** - Discussion of strategic opportunities related to Demand and Supply analysis and reconciliation.
 - **Meeting 4: Draft Economic Opportunities Analysis** – Review and comment on draft EOA.

Task 5: Final Products

The City has options for the final products of this effort. If the work programs were fully integrated, we would propose the city develop an “Urbanization Report” similar to studies we have done for other cities such as Corvallis. Given that the HNA is partially funded through a DLCD grant and the schedule for the HNA, we propose to develop two products: (1) an updated EOA, and (2) a memorandum summarizing all land needs in McMinnville for the 5, 10, 20, and 46-year period.

The proposed project deliverables are:

- Hearings-ready Economic Opportunities Analysis
- Land Sufficiency Memorandum
- GIS maps and layers for the buildable lands inventory
- Four meetings with a project advisory committee
- Graphical summary report that includes data and findings from the HNA, EOA, and other land need analysis. Replaces summary report proposed for HNA project (e.g., ECO will not develop an HNA only summary report; this product will be that report plus the EOA and other land needs)