



Phone • (541) 687-0051  
 FAX • (541) 344-0562  
 info@econw.com

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**TO: Linda Pauly and Greg Mott**  
**FROM: Bob Parker and Beth Goodman**  
**SUBJECT: METHOD FOR ESTIMATING EMPLOYMENT LAND NEEDS IN SPRINGFIELD**

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On January 19, 2010, the Springfield City Council passed a resolution to adopt the draft Springfield Economic Opportunities Analysis (EOA) as the guiding document to support the Goal 9 element of the Springfield 2030 Plan and comply with the provisions of OAR 660-009. Through the hearings process, the City received comments from the public on a range of issues. This memorandum addresses comments from George Grier and 1000 Friends of Oregon about the connection between the employment forecast and the site needs analysis.

One of the key issues raised in the comments relates to the methods the EOA uses to estimate land need. Springfield received a number of specific comments that relate to the employment forecast and employment densities (as expressed in employees per acre) and how those figures do not support the conclusions of the EOA. The fact is that the EOA does not use employment density as a part of the site needs analysis. The employment forecast is only tangentially used. The remainder of this memorandum describes (1) ECO's interpretation of the Goal 9 requirements, and (2) how ECO used that interpretation to develop the site needs analysis.

## 1 WHAT GOAL 9 REQUIRES

At the broadest level, Goal 9 and its related Administrative Rules (OAR 660-009) states the following intent:

“The intent of the Land Conservation and Development Commission is to provide an adequate land supply for economic development and employment growth in Oregon.” OAR 660-009-0000

Goal 9 requires cities to state objectives for economic development (OAR 660-009-0020(1)(a)) and to identify the characteristics of sites needed to accommodate industrial and other employment uses to implement the economic development objectives (OAR 660-009-0025(1)).

Moreover, Goal 9 requires cities to conduct an Economic Opportunities Analysis (EOA) as defined by OAR 660-009-0015. The emphasis here is on economic *opportunity*. The Rule is flexible enough to recognize that simple linear analysis (for example new

employees divided by employees per acre equals needed acres) is an inadequate approach to providing an adequate land supply for economic development and employment growth (the stated intent of Goal 9). A key working component of an EOA is found in OAR 660-009-0015(2) Identification of Required Site Types:

The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.

This language has three operational aspects: “sites by type...needed;” “employment growth;” and “site characteristics.” The language does not specifically address or require a particular methodology, but does suggest an examination for firms in the area to identify types of sites that may be needed for expansion.

Related to the site analysis requirement of OAR 660-009-0015(2) is the OAR 660-009-0015(4) Assessment of Community Economic Development Potential requirement:

“The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages.”

Section 1 is a review of national, state, regional, county and local trends; and Section 3 is an inventory of industrial and other employment lands. In short, the key passage here is must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The requirement is to base this on the information gathered in sections 1 and 3 or on the trend analysis and buildable land inventory. There is no requirement the estimate be based on an employment forecast.

This then leads to the more specific land designation requirements articulated in OAR 660-009-0025. Subsection (1) addresses Identification of Needed Sites

“The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.”

This subsection includes two key requirements: (1) the identification of the approximate number, acreage and site characteristics of sites, and (2) compatible uses with similar site characteristics may be combined into broad site categories.

This is precisely what the Springfield EOA does. It uses lot size and locational attributes (e.g., proximity to transportation, etc.) as threshold criteria. The basic method used in the EOA is:

Local Economic Development Objectives → Target Industries →  
 Characteristics of Needed Sites → Comparison with Inventory = Number  
 of Needed Sites

Or in more detail: the stated local economic development objectives as informed by the trend analysis leads to identification of target industries. Target industries have specific site requirements; those site requirements are compared with sites with similar characteristics in the buildable lands inventory. The comparison leads to a conclusion of whether the City has an adequate land supply for economic development and employment growth as stated in OAR 660-009-0000.

**The key point of the preceding discussion is that the site needs analysis is on a site basis and not on an acreage basis.** This is consistent with Goal 9 which recognizes that not all acres have the same attributes and that some attributes are more important to certain industries than others.

The remainder of this memorandum provides a detailed explanation of how ECO conducted the site analysis.

## **2 HOW SPRINGFIELD APPROACHED THE GOAL 9 REQUIREMENTS**

Consistent with the Goal 9 requirements, ECO used a site-based approach to projecting Springfield's employment land need. This approach considers historical development patterns on commercial and industrial lands, the forecast of future employment growth, and Springfield's vision and aspirations for economic development, as articulated in the City's economic development objectives. This approach is not a demand-based approach, which projects employment land need based predominantly on the forecast of employment growth, using historical employment densities (e.g., the number of employees per acre) to estimate future commercial and industrial land demand. Rather, it is a site-based approach as described in the previous section.

The following steps describe the approach that ECO used to develop the estimate of employment site and land needs presented in Table 5-4 of the EOA:

1. **Articulate the City's economic development objectives.** At the beginning of the project (in June 2008), ECO met with the City Council and Planning Commission to discuss the City's economic development objectives. The direction to ECO and Staff was: (1) develop a reasonable and simple analysis of employment land sufficiency; (2) economic development policies should provide flexibility for future land uses; (3) consider development costs and capitalize on existing economic opportunities; (4) focus on the project outcomes; and (5) provide enough land to meet employment land needs for the next 20-years.

ECO and City staff used this direction as the guiding principles for developing the Economic Development Objectives and Implementation Strategies articulated in the memorandum dated October 15, 2008. The Commercial Industrial Buildable Lands Stakeholder Committee provided input on the economic development objectives suggested by decisionmakers and suggested implementation strategies for each objective. Other sources of input on the objectives were public input from community workshops and the City's draft Economic Development Plan.

2. **Conduct an economic opportunities analysis consistent with OAR 660-009-0015.** ECO assessed Springfield's economic opportunities based on a review of national, state, regional, county, and local trends, as well as assessed economic development potential based on Springfield's comparative advantages. The results of this analysis are presented in the EOA in Chapter 3, Appendix A. and Appendix B.
3. **Identify potential growth industries.** Based on the City's economic development objectives, the analysis in the economic opportunities analysis in the previous step, and Springfield's business clusters, ECO identified potential growth industries. These are industries that have growth potential in Springfield based on the City's comparative advantages and economic and employment trends that affect economic development throughout the Southern Willamette Valley and the entire State. The identification of potential growth industries also takes the City's aspirations for economic development (identified in the Economic Development Objectives) into consideration. The list of potential growth industries is not meant to be an exhaustive list of all possible growth industries but a list of the types of industries that are likely to locate in Springfield or that the City aspires to grow or attract.
4. **Forecast employment growth.** ECO developed a forecast of employment growth in Springfield as required by Goals 9 and 14. The employment forecast is based on an *estimate* of total employment in Springfield. The rate of employment growth used in the employment forecast is based on the Oregon Employment Department's forecast for employment growth in Lane County (employment Region 5), as allowed by the safe harbor described in OAR 660-

024-0040 (8) (a) (A). The end result of the employment forecast is an allocation of employment growth into industrial and commercial building types.

5. **Identify employment site needs.** OAR 660-009-0015(2) requires the EOA identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. ECO based the analysis of employment site and land needs on the following considerations:
- *Factors that affect firms' locational decisions.* ECO considered Springfield's opportunities and challenges for each of these factors, summarized in Table C-4 of the EOA.
  - *Common site requirements.* Firms typically have similar land needs, such as need for relatively flat sites with urban services. Availability of these characteristics on employment sites in Springfield is summarized in Table C-6 of the EOA. Table C-5 provides *examples* of lot sizes typically needed for firms in selected industries. The purpose of Table C-5 is to illustrate that different types of industries need different sized sites and to provide some examples of these sites.
  - *Forecast of employment growth.* The employment forecast provides one way to gauge land needs based on historical development patterns. ECO developed a forecast of employment growth (Step 4). Historical development patterns and ECO's past experience with similar projects suggest that some employment will not require new land. ECO estimated that 16% of employment would locate of land not designated for employment uses (e.g., home occupations) and 10% of new employment would be accommodated in existing industrial built space. ECO estimated that more than 10,000 employees would require new land over the planning period.
  - *Historical employment development patterns.* ECO considered the need for land based on the forecast of employment growth (the approximately 10,000 employees mentioned above) and historical employment development patterns, presented in Table C-10. The range of needed sites presented in Table C-10 shows the number of sites needed based on historical employment patterns. These patterns are based on: (1) the distribution of employees by building type (e.g., general industrial or office) and site size in 2006 (shown in Table C-8); (2) the assumed distribution of the approximately 10,000 new employees (shown in Table C-9) based the historical distribution of employees (Table C-8); and the average firm size in 2006.
  - *Springfield's economic development aspirations.* Goal 9 allows cities to consider their economic development aspirations when forecasting the site and land needs. Springfield's elected and appointed officials directed ECO and Staff to provide an economic development

framework with flexibility to provide opportunities for economic development for both small employers and major employers who want to expand or locate in Springfield. These objectives are described in the Economic Development Objectives and Implementation Strategies memorandum. The range of needed sites presented in Table C-10 of the EOA takes Springfield's economic development aspirations into account.

- *Estimate needed sites.* While Table C-10 in the EOA presents a range of needed sites, Springfield is required to present a number of needed sites by site size. This estimate of presented in the EOA in Table C-11 and Table 4-4. It takes into account the minimum number of needed sites based on historical development patterns and Springfield's aspirations for economic development.<sup>1</sup>

6. **Inventory suitable buildable employment land.** OAR 660-009-0012(3) requires cities to inventory industrial and other employment lands, to identify vacant and developed lands and account for development constraints. Table 2-7 in the EOA summarizes Springfield's vacant suitable land by plan designation and Table 2-8 summarizes vacant suitable land by plan designation and site size.

The EOA goes a step further and identifies land with redevelopment *potential* in Springfield. Redevelopment potential can be thought of as a continuum – from more redevelopment potential to less redevelopment potential. The EOA does *not* attempt to quantify the amount of land that will redevelop but estimates potential for redevelopment, focusing on redevelopment potential in Downtown Springfield and Glenwood. The reason that ECO presented the analysis of redevelopment is that one of the City Council's priorities is facilitating redevelopment in Downtown and Glenwood, as described in the Economic Development Objectives and Implementation Strategies memorandum.

7. **Compare the demand for with the supply of employment sites and land.** Table 5-1 presents a comparison of vacant and potentially redevelopable buildable sites with the estimate of needed sites (Table 4-4). Table 5-1 concludes that Springfield has a deficit of commercial and mixed use sites between 1 acre and 50 acres in size and industrial sites larger than 20 acres. ECO used an estimate of the average size of needed sites in Springfield (Table 5-2) to convert from the number of needed sites (Table 5-1) to employment

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<sup>1</sup> The approach used to estimate needed sites uses a site-based approach, rather than a demand-based approach, which projects employment land need based predominantly on the forecast of employment growth, using historical employment densities (e.g., the number of employees per acre) to estimate future commercial and industrial land demand. The site-based approach considers the forecast for employment growth and historical employment demand patterns but also considers the City's economic development policies and aspirations.

land needs (Table 5-4). The estimate of employment land needs makes the following assumptions about needed sites:

- *Need for sites smaller than 5 acres will be accommodated through redevelopment.* One of the City's economic development strategies is to encourage redevelopment, especially in Downtown and Glenwood – as well as any other “node” as defined through the TransPlan process. Table 5-1 shows that Springfield concludes that 187 industrial sites and 340 commercial and mixed use sites would redevelop to address land needs over the 20-year period. In addition to this assumption about redevelopment, Springfield concludes that all land needs on sites smaller than five acres would be accommodated through redevelopment. The City had a deficit of 23 commercial and mixed use sites smaller than five acres, which would require 71 acres of land. Table 5-4 shows no need for vacant land to accommodate demand for sites smaller than 5 acres.
- *The average size of large sites.* The size of larger sites (those over 5 acres) includes a wide range of site sizes. A prior version of the EOA presented two possible sizes for these larger sites, intended to both illustrate the fact that there is a wide range of potential site sizes and to give policymakers an option for choosing the preferred site size to meet the City's economic development objectives and aspirations.<sup>2</sup> The size of sites in the current version of the EOA reflects direction from decisionmakers on their preference for site size to meet the City's economic development objectives and aspirations.

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<sup>2</sup> This version of the EOA was from November 2008 and noted that the final EOA would present one estimate of land need, rather than a range of land need.