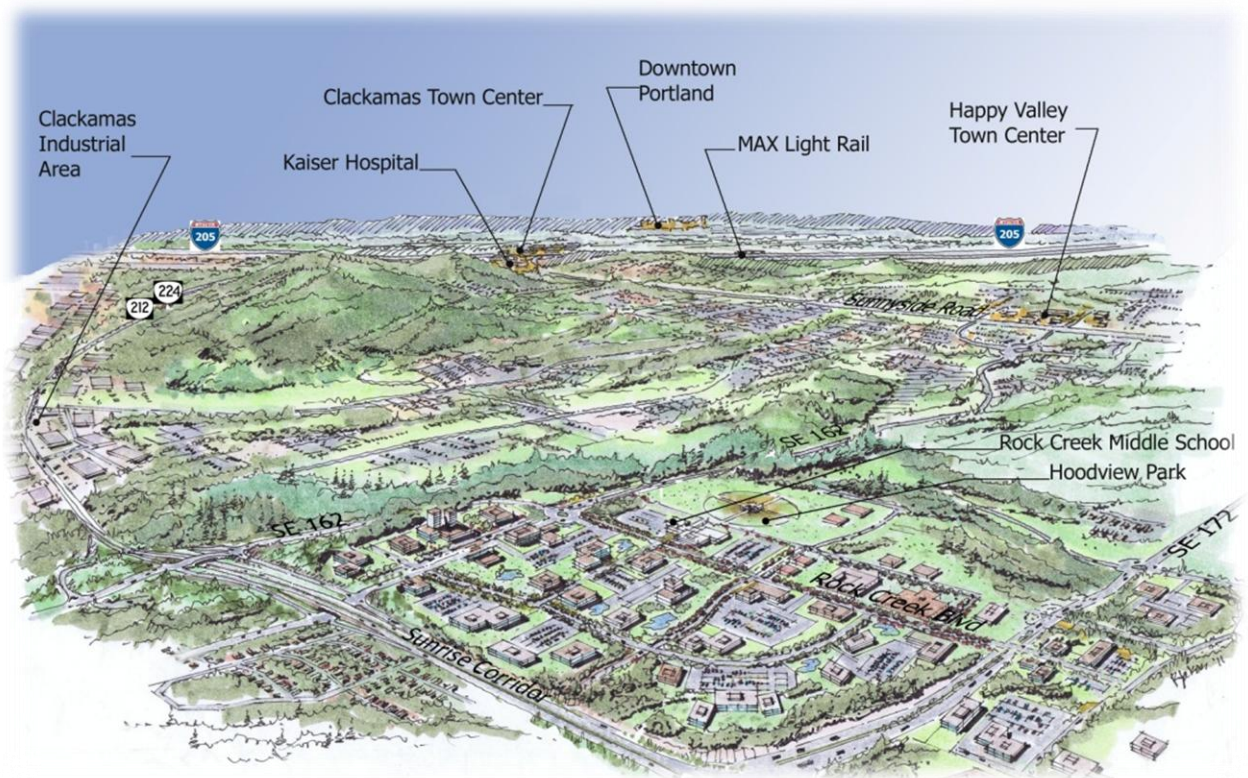


# CITY OF HAPPY VALLEY ECONOMIC OPPORTUNITIES ANALYSIS



May 31, 2011

# ACKNOWLEDGEMENTS

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## **Happy Valley Mayor and City Council**

- ◆ Lori DeRemer, Mayor
- ◆ Markley Drake, Council President
- ◆ Tom Andrusko, Council Member
- ◆ Michael Morrow, Council Member
- ◆ Tom Ellis, Council Member

## **Happy Valley Planning Commission**

- ◆ Kenneth Koblitz, Chair
- ◆ Diane Morrow, Vice Chair
- ◆ Winston Kurth, Commissioner
- ◆ Shanin Prusia, Commissioner
- ◆ Walter Barnes, Commissioner
- ◆ Ted Hartzel, Commissioner
- ◆ Thomas Wilde, Commissioner

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- ◆ Lori DeRemer, Mayor and local resident
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## SECTION I: INTRODUCTION

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The Happy Valley Economic Opportunities Analysis (EOA) provides a basis for the City of Happy Valley (City) to document current trends and adopt local policies and actions for the future. The EOA gives the City options to make the City a “more economically viable” community, while maintaining excellent quality of life for its residents, businesses, visitors, and workers.

### A. OREGON REGULATORY REQUIREMENTS

The City is undergoing a periodic review of its Comprehensive Plan according to State of Oregon requirements. As part of the Comprehensive Plan update, the City must address the requirements of Goal 9 (Economic Development, Oregon Administrative Rules [OAR] 660-009) that mandates cities periodically review and update the following:

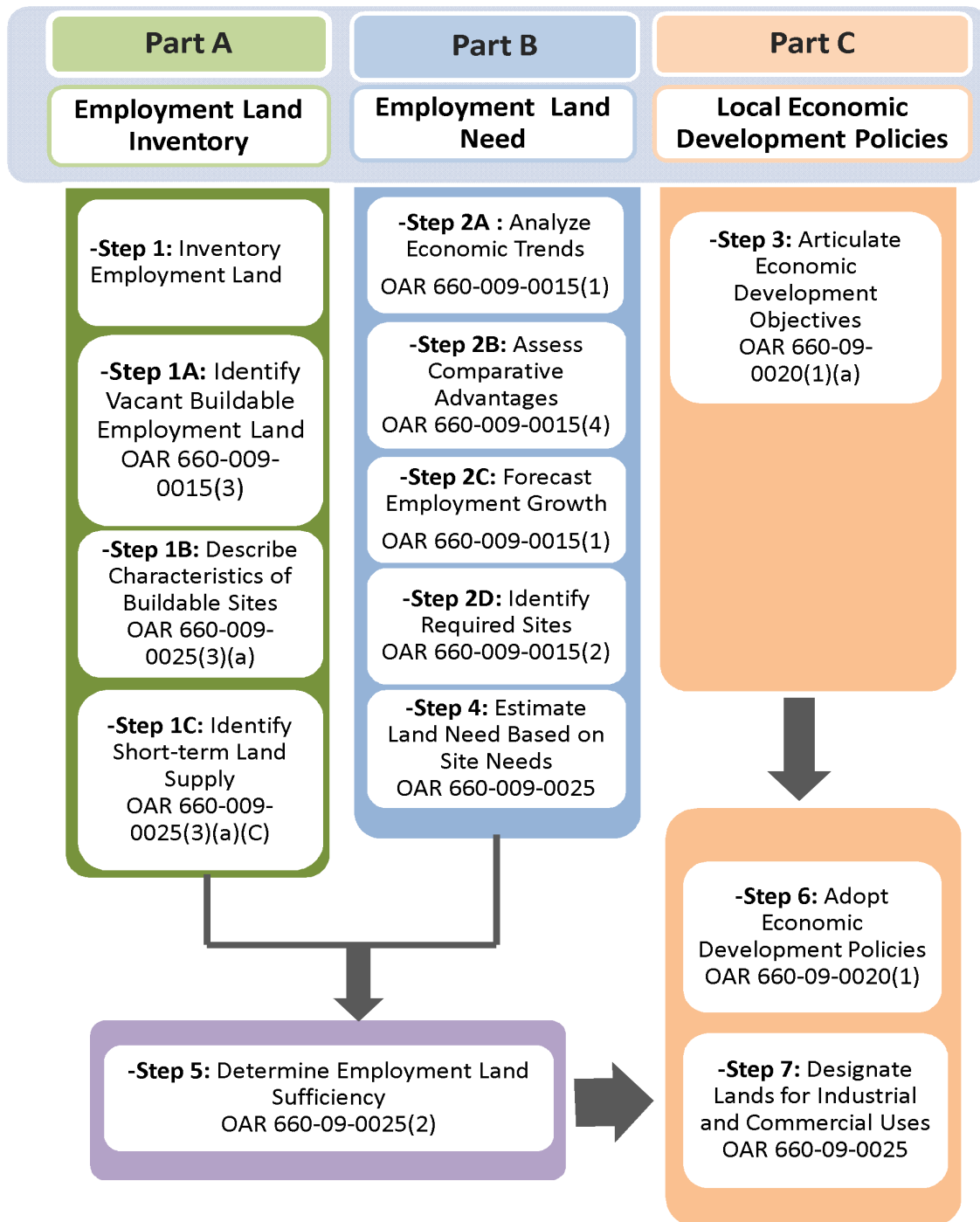
- ◆ Local vision for strengthening local economies through the adoption of local economic policies that include community economic development objectives (CEDOs).
- ◆ Local urban growth requirements (land needs) for providing adequate land needed to accommodate 20-year employment growth forecasts. Land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

### B. METHODOLOGY AND APPROACH

**Figure 1** illustrates the technical and political approach used for the Happy Valley EOA and related steps. This approach adheres to the Department of Land Conservation and Development (DLCD) Goal 9 administrative rule, and the supporting OAR 660 guidance, and other supporting guidance provided by the *DLCD Industrial & Other Employment Lands Analysis Guidebook (2005)*, and the *Economic Development and Employment Land Planning Guidebook (July 2010)*.

To assist the City and consultant team with creating the EOA and refining key assumptions, the City formed the Happy Valley EOA Business Advisory Taskforce (BAT) comprised of several leading community members. The EOA also included a cross-section of City, Clackamas County, and local private business and citizen representatives. During the preparation of the EOA, the BAT met on three separate occasions. BAT meeting notes are provided in the **Happy Valley EOA Technical Appendix**.

**Figure 1. Happy Valley EOA Methodology and Approach**



## SECTION II: BUILDABLE LAND ANALYSIS

FCS GROUP inventoried and evaluated the existing supply of buildable employment zoned land within the Happy Valley Urban Growth Boundary (UGB) in accordance with OAR 660-009-0015(3) and OAR 660-009-0025(3)(a)(C). The Happy Valley EOA includes a recent buildable land inventory completed by the City of Happy Valley and consultant team members using Geographic Information Systems (GIS) data consistent with current land use development characteristics.

### A. BUILDABLE LAND INVENTORY (BLI) METHODOLOGY

The buildable land inventory (BLI) analysis focused on the land use classifications that support employment uses, including commercial, employment, industrial, and mixed-use zones. The subsequent BLI analysis includes the zone classifications listed in **Table 1**, and the EOA includes an aggregate analysis of land needs for three general land use classifications: commercial, employment/mixed-use, and industrial/institutional/other.

**Table 1. Existing Employment Zone Classifications in Happy Valley Area**

Zoning Classification	General Classification Assignment
CCC-Community Commercial Center	Commercial
EC-Employment Center	Employment/Mixed Use
FU10 - Future Urban	Industrial/Institutional/Other
I2-Industrial Light	Industrial/Institutional/Other
IC-Industrial Campus	Industrial/Institutional/Other
MCC-Mixed Commercial Center	Commercial
MUC-Mixed Use Commercial	Commercial
MUE-Mixed Use Employment	Employment/Mixed Use
OC-Office Commercial	Employment/Mixed Use
RC-ME- Rock Creek Mixed Employment	Industrial/Institutional/Other
VC- Village Commercial	Commercial
VO - Village Office	Employment/Mixed Use
RRFU - Future Urban	Industrial/Institutional/Other

The BLI analysis includes existing vacant and part vacant (sub-dividable) tax lots with adjustments made to deduct any current building and related parking development. The GIS analysis contains all significant environmental constraints to estimate buildable land area within the Happy Valley area. The buildable land area was derived by deducting environmental features that would constrain the amount of potential site development on vacant and part vacant areas. This analysis calculated the environmental constraints for each site using estimates based on the following:

- ◆ Environmentally constrained areas (waterways, wetlands, riparian buffers)
- ◆ Slopes over 10 percent for industrial zones



- ◆ Slopes over 25 percent for other land use zones
- ◆ Other known site development constraints identified by City or BAT members

The City's community development and public works staff conducted an additional infrastructure analysis to ascertain known infrastructure conditions and related capacity constraints (if any) to providing adequate transportation, water, sewer, and stormwater requirements associated with future development. In accordance with OAR 660-009-025(3)(a)(C), City staff also provided estimated time frames and preliminary capital cost estimates for planned infrastructure improvements.

## B. LONG-TERM EMPLOYMENT LAND INVENTORY

The existing vacant and part vacant land inventory for Happy Valley includes 123 tax lots with a total buildable land area of 521.2 buildable acres, as indicated in **Table 2**. The City's vacant land supply consists of 25 small (less than 1 acre) tax lots and 68 tax lots between 1 to 5 acres in size. The larger tax lots include 17 lots between 5 to 10 acres (123.3 acres total) and 13 tax lots over 10 acres in size (230.5 acres total).

**Table 2. Happy Valley Vacant and Part Vacant Lands by Parcel Size and General Zone Classification**

	0.5 to 1 acre		1 to 2 acres		2 to 5 acres		5 to 10 acres		10 or more acres		Total Gross Buildable	
Land Use Classification	Tax lots	acres	Tax lots	acres	Tax lots	acres	Tax lots	acres	Tax lots	acres	Tax lots	acres
Commercial/Mixed Use	10	7.7	5	6.1	7	26.8	4	22.7	1	12.5	27	75.8
Employment/Mixed Use	4	3	5	7	12	37	9	75	6	116.0	36	238.6
Industrial/ Institutional/ Other	11	8.3	19	20.5	20	50.4	4	25.2	6	102.4	60	206.7
Total	25	19.5	29	33.8	39	114.1	17	123.3	13	230.5	123	521.2

Source: Metro RLIS, adjusted by city of Happy Valley and Real Urban Geographics to April 11, 2011.

The **Happy Valley EOA Technical Appendix** contains a map of the current vacant and part-vacant land inventory.

## C. SHORT-TERM EMPLOYMENT LAND INVENTORY

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 Happy Valley's case, all of the land supply currently included within Eagle Landing and the tax lots in the East Happy Valley area south of Hagen Road, within 0.5 mile of 172<sup>nd</sup> Avenue, are considered to be within the short-term supply category. The employment land north of Hagen Road on both sides of SE 172<sup>nd</sup> Avenue consists of approximately 127 net acres of unconstrained land area. Therefore, the City has existing roads, water, sewer, and other infrastructure facilities appropriately sized to handle some level of new development on the vacant tax lots in Happy Valley, excluding Hagen Road.

The amount of vacant and part-vacant, employment-zoned land area within the East Happy Valley Rock Creek Employment Center varies depending upon the actual use that occurs on the land. The Rock Creek Employment Center includes approximately 192 net buildable acres of vacant unconstrained land area when slopes over 10 percent are deducted from the buildable land inventory. Approximately 77.6 net acres of land area may be gained if additional development occurs on the moderately sloped lands (land with 10 percent to 25 percent slopes), as indicated in **Table 3**.

**Table 3. Rock Creek Employment Center, Vacant Unconstrained Land Area (net acres)**

Current Zone Designation	Net Unconstrained Vacant Acres Less Slopes over 10%	Net Unconstrained Vacant Acres Less Slopes Over 25%	Variation (net acres)
CCC	15.2	15.2	0.1
EC	59.2	69.6	10.4
IC	54.1	82.1	28.0
RC-ME	54.7	86.8	32.1
RRFU*	8.9	16.0	7.1
<b>Total</b>	<b>192.0</b>	<b>269.6</b>	<b>77.6</b>

\* intended for RC-ME zoning per East Happy Valley land use plan.

Source: Real Urban Geographics, April 15, 2011 GIS analysis.

With approximately 428 net vacant unconstrained acres of buildable industrial, employment, and commercial land area in the City, the commercial and industrial properties clearly meet the statutory requirements for short-term land supply. Industrial and commercial properties appear to be well served by an adequate infrastructure with an abundant supply of vacant industrial and office land area being actively marketed in the City's Urban Services Boundary (USB) today.

## D. SUBREGIONAL EMPLOYMENT LAND CONSIDERATIONS

In addition to documenting existing vacant and buildable land area within the Happy Valley UGB, the City also considered the development potential within the adjacent Clackamas Industrial Area. The analysis of the Clackamas Industrial Area supply shows approximately 226.3 acres of unconstrained land area with employment zoning, as indicated in the **Happy Valley EOA Technical Appendix**.

Within the Clackamas Industrial Area, the Clackamas County Development Agency currently owns and actively markets approximately 48 developable acres of industrial land area, referred to as the Clackamas Industrial Area Opportunity Site. All of the land supply within the Clackamas Industrial Area is considered to be adequately served by public roads, water, sewer, and power and telecommunications infrastructure, and part of the short-term land supply.

## SECTION III: EMPLOYMENT TRENDS

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FCS GROUP completed an analysis of economic trends and local competitive advantages to prepare employment growth forecasts for the Happy Valley UGB in accordance with OAR 660-009-0015(1-4). Local economic development visions, goals, and objectives were also considered in this process to inform the growth forecast scenarios.

### A. EMPLOYMENT TRENDS ANALYSIS

FCS GROUP conducted an economic overview and real estate market analysis of office, commercial retail, industrial, and public government space development for the Happy Valley market area. This analysis focused on the expected level of demand for new commercial, industrial, and public development, and related gross buildable land needs over the next 20 years (2011 to 2031).

The U.S. and Oregon economies are currently mired in the aftermath of a national economic recession that began in December 2007. While the current economic slowdown ranks now as the longest on record since the Great Depression, some economic expansion is beginning to occur. According to the U.S. Bureau of Economic Analysis, real Gross Domestic Product increased in 2010 at an annual rate of 3.7 percent during the first quarter, 1.7 percent during the second quarter, and 2.5 percent during the third quarter of 2010. GDP measures the value of all goods and services in the U.S.

Consumers still remain very cautious as unemployment remains at a higher level in Oregon than the nation, and home foreclosures continue to mount. Oregon posted a year-over-year overall job gain of 16,200 jobs between November 2009 and November 2010. At the same time, the state's unemployment rate held relatively unchanged at 10.6 percent in November 2010, compared to 10.7 percent in November 2009. It should be noted that the Oregon also is experiencing a high level of under-employment that is not reflected in these data trends.

The Oregon economy appears to be poised for a slow economic recovery. The July 2010 survey of the National Association of Business Economists reported expectations of slow growth in GDP during the coming years as industry demand, profit margins, employment, capital spending, and credit conditions improve.

Population levels continue to increase in both Oregon and Happy Valley due to population migration patterns, increases in immigrant population levels, and natural population increases. Population in Happy Valley increased to 13,903 residents in 2011, up from 4,519 residents in 2000 (U.S. Census). The average annual growth rate (AAGR) for population exceeded that of the county, state, or nation with a 10.1 percent average annual growth between 2000 and 2010.

For comparison, the population of the Portland-Beaverton-Vancouver PMSA increased from 1,928,000 to 2,185,000 between 2000 and 2008, a 1.58 percent annual growth rate. According to

Metro, the regional government, PMSA population is forecast to add between 346,500 and 467,300 people over the next 10 years.<sup>1</sup>

## B. HAPPY VALLEY EMPLOYMENT GROWTH FORECASTS

Metro prepared forecasts for households and employment for all local jurisdictions in the Metro Urban Growth Planning Area. The most recently adopted Metro growth forecasts are referred to as the Metroscope Generation 2.3 model, and include a forecast period from 2005 to 2030. FCS GROUP extrapolated the Metro forecasts to year 2035 using Metro's forecasted growth rate from 2005 to 2030. While Metro currently prepares updated growth forecasts for the region, FCS GROUP used the Metroscope Generation 2.3 forecasts for this EOA, since they are the only set of officially adopted forecasts at this time. As indicated in **Table 4**, the 2005 to 2035 forecasts anticipate that Happy Valley will add approximately 11,854 households and 11,298 jobs over the 25-year period.

As noted in **Table 4**, the Metro job growth forecasts indicate Happy Valley's "bedroom community" nature with a low ratio of 0.5 jobs per household, well below Metro regional average of 1.5 jobs per household. Happy Valley's concentration of limited residential land base supports these findings given that only recent expansion included the East Happy Valley area west of Damascus.

Three employment growth forecast scenarios were formulated for the Happy Valley EOA:

- ◆ **Scenario A (Low Growth Scenario):** Assumes actual growth over the next 20 years is 25 percent below the Metro growth forecast for the Happy Valley area
- ◆ **Scenario B (Medium Growth Scenario):** Assumes consistency with the current adopted employment forecast by Metro for the Happy Valley area
- ◆ **Scenario C (High Growth Scenario):** Assumes actual growth over the next 20 years is 25 percent higher than the Metro growth forecast for the Happy Valley area

The three job growth scenarios translate into net new employment growth forecasts over the 2011 to 2031 timeframe ranging from 5,908 jobs in the Low Growth Scenario; 7,877 jobs in the Medium Growth Scenario, and 9,847 jobs in the High Growth Scenario (see **Table 5**).

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<sup>1</sup> The Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area (PMSA) consists of seven counties, including: Clackamas, Columbia, Multnomah, Washington and Yamhill (Oregon), and Clark and Skamania Counties (Washington).

**Table 4. Metro Growth Forecasts for Households and Employment, 2005 to 2035**

Households			Projected Change 2005-2035	Projected Avg. Annual Change (%)
2005	2030	2035		
<b>Happy Valley</b>	4,746	14,665	11,854	4.2%
<b>Clackamas County</b>	140,415	241,821	129,179	2.2%
<b>Multnomah County</b>	288,926	372,913	103,513	1.0%
<b>Washington County</b>	189,925	272,998	103,620	1.5%
<b>Total 3 County Region</b>	<b>619,266</b>	<b>887,732</b>	<b>336,312</b>	<b>1.5%</b>

Employment			Projected Change 2005-2035	Projected Avg. Annual Change (%)
2005	2030	2035		
<b>Happy Valley</b>	2,471	11,886	11,298	5.9%
<b>Clackamas County</b>	145,581	251,286	134,692	2.2%
<b>Multnomah County</b>	493,671	705,721	264,334	1.4%
<b>Washington County</b>	269,660	450,970	230,160	2.1%
<b>Total 3 County Region</b>	<b>908,912</b>	<b>1,407,977</b>	<b>629,186</b>	<b>1.8%</b>

Jobs Per Household Ratio			Projected Happy Valley Capture of Region HHs	Projected Happy Valley Capture of Region Jobs
2005	2030	2035		
<b>Happy Valley</b>	0.5	0.8	3.5%	1.8%
<b>Clackamas County</b>	1.0	1.0		
<b>Multnomah County</b>	1.7	1.9		
<b>Washington County</b>	1.4	1.7		
<b>Total 3 County Region</b>	<b>1.5</b>	<b>1.6</b>		

Source: Metro adopted housing and employment growth forecasts, 2007; Metroscope Gen. 2.3; extrapolated to 2035 by FCS GROUP.

**Table 5. Happy Valley Employment Growth Forecasts, 2011 to 2031**

	Low	Medium	High
Retail Trades	315	419	524
Services	3,904	5,205	6,507
Industrial/Other	1,431	1,907	2,384
Government	259	345	432
<b>Total</b>	<b>5,908</b>	<b>7,877</b>	<b>9,847</b>

Source: Medium forecast consistent with Metroscope 2.3 and related traffic analysis zone forecast assumptions for the Happy Valley area adopted by Metro Council in 2005; medium and high forecasts vary the medium forecast by 25%.

## C. OPPORTUNITIES AND CONSTRAINTS ANALYSIS

The consultant considered input from the BAT and local stakeholders to help evaluate the local desire and ability to achieve the low, medium, and high growth employment forecasts and to ascertain potential issues regarding meeting unique site requirements for small, medium, and large employers. The overall findings from an opportunities and constraints analysis are summarized in the **Happy Valley EOA Technical Appendix**.

## D. TARGET BUSINESS CLUSTERS ANALYSIS

The business cluster analysis summarized in **Figure 2** identifies the business sectors within the Happy Valley region by their size and growth potential using their North American Industrial Classification System (NAICS) code. This code is used by the federal government to classify types of businesses for tax accounting and economic research purposes. The data used for the clusters analyses were derived from the OED wage and salary employment statistics for the year ending in 2008. The size of the bubbles in the following charts provides a relative comparison within each jurisdiction of the current location quotients (LQ) and the total direct wages paid to workers within each industry sector. LQs represent the propensity of an industry to locate in Happy Valley (please refer to the Appendix for more detailed description on the approach used in this analysis).

**Figure 3** provides a similar comparative analysis of business clusters within Clackamas County.

The clusters analysis classifies the existing business sectors in Happy Valley area into four general categories:

### **Industry Sectors with Large LQ/High Growth Potential (“Stars”)**

- ◆ Educational Services (private or non-profit)
- ◆ Leisure and Hospitality (includes restaurants)
- ◆ Retail Trade

### **Industry Sectors with Small LQ/High Growth Potential (“Emerging”)**

- ◆ Health Care
- ◆ Professional and Business Services
- ◆ Miscellaneous Services

### **Industry Sectors with Large LQ/Low Growth Potential (“Mature”)**

- ◆ Construction
- ◆ Financial Activities and Services
- ◆ Natural Resources
- ◆ Transportation & Warehousing

### **Industry Sectors with Small LQ/Low Growth Potential (“Challenged”)**

- ◆ Manufacturing
- ◆ Wholesale Trade
- ◆ Information
- ◆ Government

In addition to evaluating existing *local* business clusters, the City may also consider the expected *regional* growth in business sectors and emerging clusters. According to the Oregon Employment Department, the job sectors with the highest potential for new growth in the greater Portland metropolitan region include: health care; hotel/motel accommodations and food services; business administration and waste management; professional; scientific and technical service (such as computer science and engineering); state and local government; wholesale trade; finance and insurance; retail trade; transportation; and utilities (includes warehousing, distribution and energy research, and private utilities).<sup>2</sup>

While manufacturing of durable goods does not make the list of the top growth sectors, certain subsectors within manufacturing show faster growth than others. The manufacturing sectors with the greatest net new job growth potential in the greater Portland metropolitan region include: computer-related parts manufacturing; transportation equipment; other miscellaneous durable goods (such as solar panels); and miscellaneous non-durable goods (such as apparel research and design). Health-related medical devices and biomedical research, and organic food and beverage processing are also growing business sectors within the broader economy.

Focused marketing and business recruitment efforts are being made by the State of Oregon and regional economic development stakeholders to attract certain established and emerging business clusters. The business and industry clusters currently targeted by the Oregon Business Development Department, Portland Business Alliance, and the Portland Development Commission include advanced manufacturing; clean technology (with sustainability sub-clusters in green building, solar, and wind power); active wear/outdoor gear; and software.

### **Recommended Business Clusters**

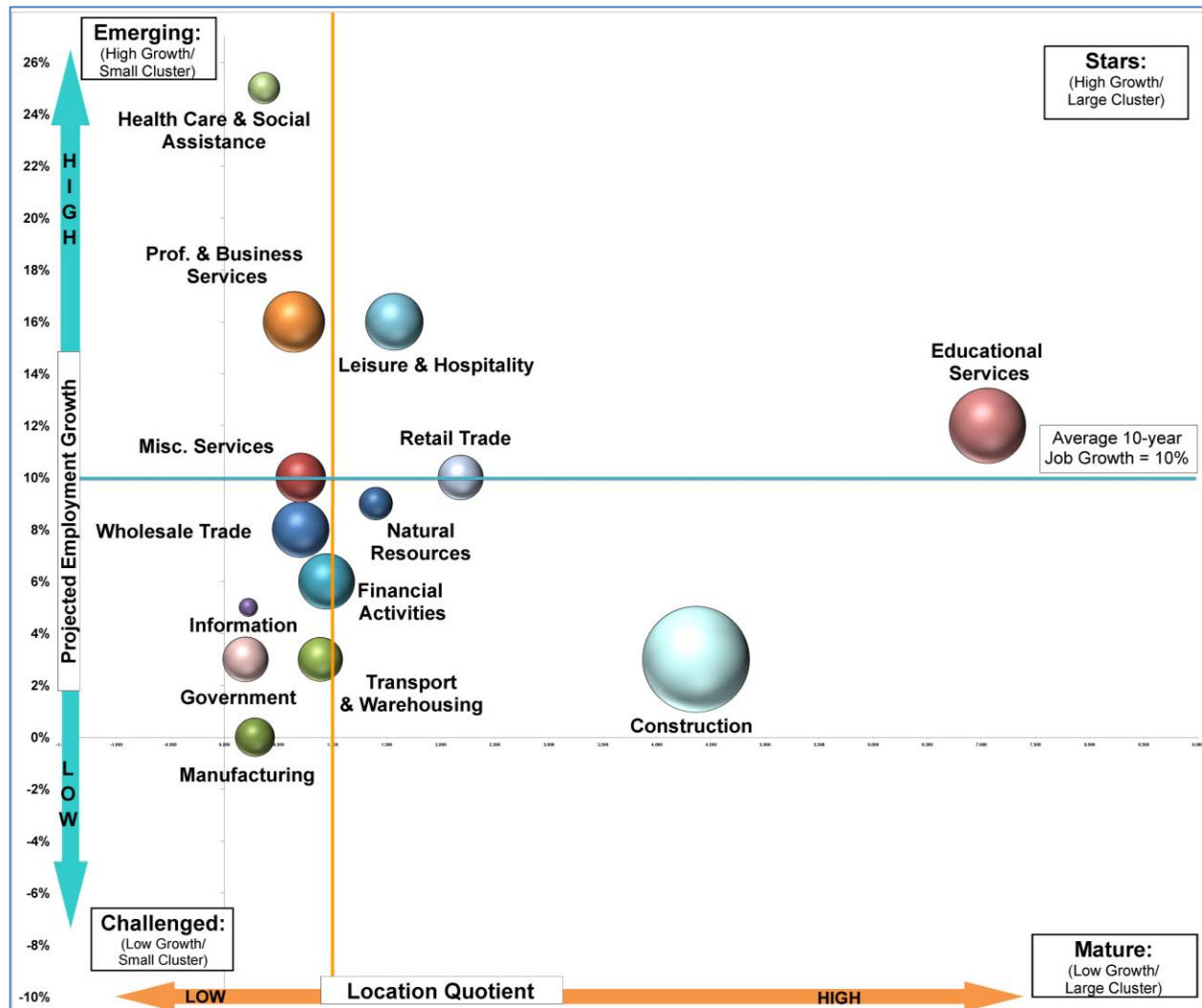
In light of these findings, we recommend that Happy Valley focus on retaining and attracting a mix of existing and emerging business clusters that pay above average wages. This includes a mix of existing **established and emerging clusters**, such as:

- ◆ Health services and biomedical research and development
- ◆ Professional and business services
- ◆ Advanced manufacturing (metals, machinery, testing devices, etc.)
- ◆ Advanced learning (public and private higher education establishments)

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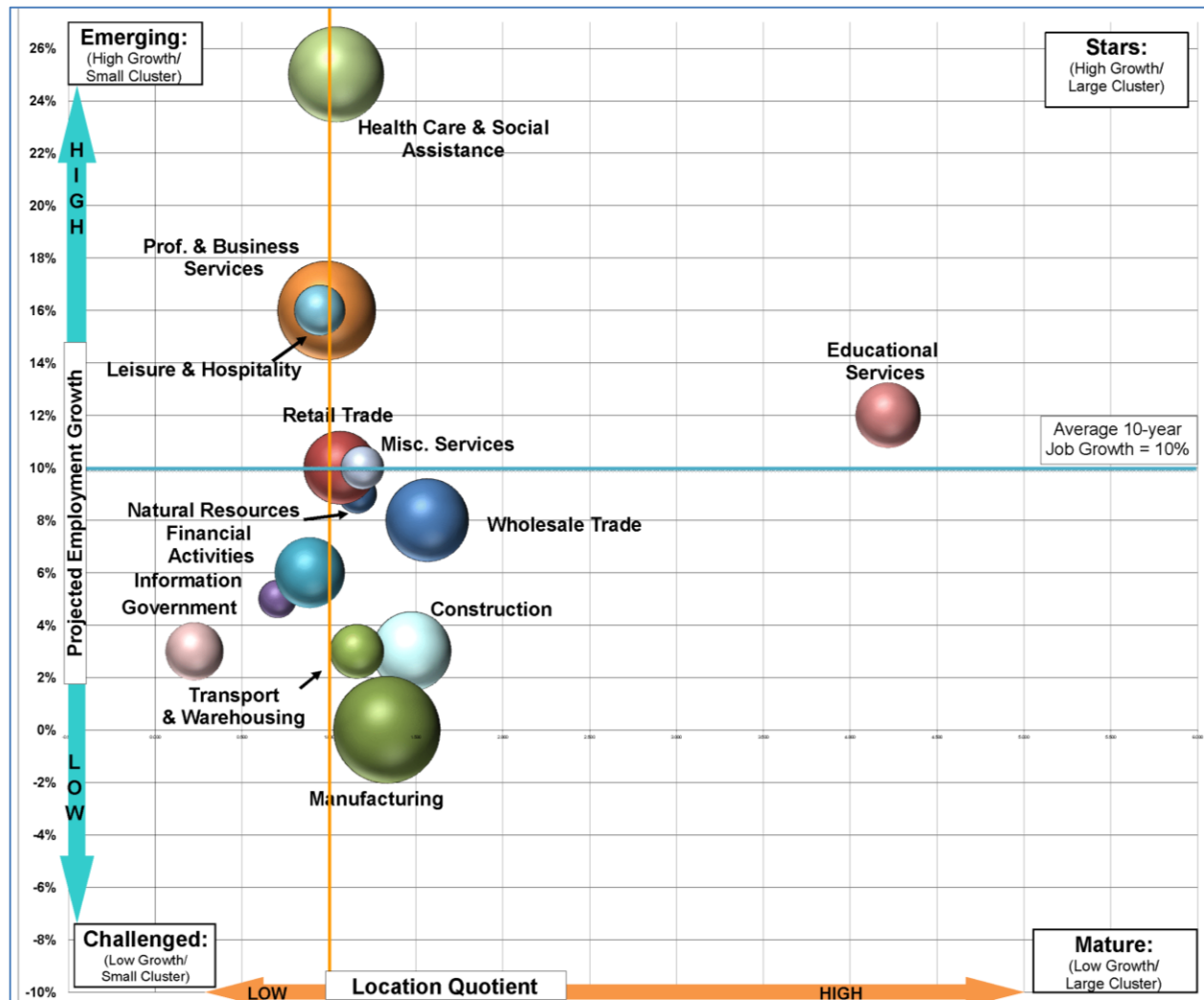
<sup>2</sup> *These emerging business clusters are documented in the regional WIRED (Workforce Innovation and Regional Economic Development, Global Development Strategy, prepared by FCS GROUP et.al, 2008.*

**Figure 2. Existing Business Clusters in Happy Valley, 2008**





**Figure 3. Existing Business Clusters in Clackamas County, 2008**



## SECTION IV: EMPLOYMENT LAND NEEDS

OAR 660-009-0025 requires an analysis of 20-year land needs for employment growth in the Happy Valley UGB along with attention to unique site needs based on the identified employment types.

### A. EMPLOYMENT SPACE NEEDS ANALYSIS

After accounting for the level of expected redevelopment activity, the amount of vacant land demand in the Happy Valley UGB for employment uses over the next 20-years is expected to range from 200 acres (Low Growth Scenario), 266 acres (Medium Growth Scenario), and 333 acres (High Growth Scenario). Preliminary estimates for vacant lands needs in Happy Valley UGB by general land use zone classification are provided in **Table 6**. Please refer to the **Happy Valley EOA Technical Appendix** for more detailed methodology and supporting assumptions.

**Table 6. Happy Valley UGB Vacant Land Needs by General Land Use Zone Classification, 20-year Forecast (buildable acres)**

Land Use Classification	Low	Medium	High
Commercial	55	73	91
Employment & Mixed Use	53	71	89
Industrial/Government/Other	92	122	152
<b>Total</b>	<b>200</b>	<b>266</b>	<b>333</b>

*Assumptions based on Dec. 2009 Metro 2009-2035 Urban Growth Report assumptions and local observations described in Appendix A; compiled by FCS GROUP.*

The actual amount and timing of new development will vary from year to year. The range in development forecasts reflects several issues:

- ◆ The current uncertainty regarding the region's ability to retain and attract major employers.
- ◆ The City's potential to stimulate redevelopment of the Rock Creek Employment Center.
- ◆ The City's ability to work with ODOT to fund and construct required transportation and infrastructure improvements (particularly the Sunrise Corridor segment to 172<sup>nd</sup> Avenue) that can accommodate new commercial and industrial development on vacant lands, particularly in the Rock Creek Employment Center.

### B. OVERALL EMPLOYMENT LAND NEED REQUIREMENTS

This Happy Valley EOA indicates that the existing Happy Valley UGB contains adequate industrial and employment land area to accommodate the forecasted level of employment growth that is expected to occur under all of the growth scenarios. The amount of commercially-zoned land also appears to be adequate under the low- and medium-growth scenarios, but may not be adequate under the high-growth scenario to accommodate 20-year demand without policy changes or land use code

amendments. Therefore, we recommend that the City pursue policies that implement the job growth consistent with the medium growth forecast, and develop policies that can help the city accommodate high levels of employment growth over time. Other issues with respect to achieving the job growth forecasts are described in **Section V, Policy Actions**.

### Industrial Land Need and Parcel Requirements

As indicated in **Table 7**, the medium land need scenario assumes 122 acres of net new industrial vacant land demand, which is above the estimated vacant industrial land supply of 207 acres. If market conditions improve and the high land need scenario is achieved, the industrial land demand is expected to be about equal with the buildable industrial supply.

**Table 7** also provides a preliminary expected forecast of demand by parcel size. The forecast assumes that about one-third of the remaining vacant industrial tax lots within the Happy Valley UGB will be absorbed over the next 20 years under the medium land use scenario.

**Table 7. Happy Valley 20-Year Industrial Land Demand Forecast and Vacant Land Supply**

Industrial Land Demand and Supply	Low Growth Scenario (acres)	Medium Growth Scenario (acres)	High Growth Scenario (acres)
<b>Demand (acres)</b>	92	122	152
<b>Supply (acres)</b>	207	207	207
<b>Land Surplus (supply less demand)</b>	<b>115</b>	<b>85</b>	<b>54</b>
Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus (tax lots)
Less Than 1 acre	11	0	11
1 to 2 acres	19	2	17
2 to 5 acres	20	4	16
5 to 10 acres	4	6	(2)
10+ acres	8	4	2
<b>Total</b>	<b>60</b>	<b>16</b>	<b>44</b>

Source: Analysis by FCS GROUP based on land demand and supply findings.

### Employment/Office Land Need and Parcel Requirements

As indicated in **Table 8**, with an employment/ mixed-use land supply of 239 acres, Happy Valley appears to have a more than adequate existing vacant land supply to meet the land demand forecasts for all employment land need scenarios. The medium land need scenario assumes 71 acres of net new commercial and mixed-use land demand, which equates to about one-quarter of the vacant commercial and mixed-use land supply. Under the high land need scenario, 89 acres of land demand is expected, which leaves approximately 150 acres of vacant land after the 20-year planning period.

**Table 8. Happy Valley 20-Year Employment/Office Land Demand Forecast and Vacant Land Supply**

Employment Land Demand and Supply	Low Land Use Scenario (acres)	Medium Land Use Scenario (acres)	High Land Use Scenario (acres)
<b>Demand</b>	53	71	89
<b>Supply</b>	239	239	239
<b>Land Surplus (supply less demand)</b>	<b>185</b>	<b>167</b>	<b>150</b>
Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus (tax lots)
Less Than 1 acre	4	0	4
1 to 2 acres	5	1	4
2 to 5 acres	12	2	10
5 to 10 acres	9	5	4
10+ acres	6	2	4
<b>Total</b>	<b>36</b>	<b>10</b>	<b>26</b>

Source: analysis by FCS GROUP based on land demand and supply findings.

### Commercial Land Need and Parcel Requirements

As indicated in **Table 9**, with a commercial/mixed-use land supply of 76 acres, Happy Valley appears to have a somewhat limited existing vacant commercial land supply to meet the commercial/retail land demand forecasts under the medium and high land need scenarios. The medium land need scenario assumes 73 acres of net new commercial land demand, which would result in a 3-acre surplus of commercially zoned land supply. Under the high land need scenario, 91 acres of commercial land demand is expected, which leaves a 16-acre deficit of commercial land needs at the end of the 20-year planning period.

**Table 9. Happy Valley 20-Year Commercial Land Demand Forecast and Vacant Land Supply**

Land Demand and Supply	Low Land Use Scenario (acres)	Medium Land Use Scenario (acres)	High Land Use Scenario (acres)
<b>Demand</b>	55	73	91
<b>Supply</b>	76	76	76
<b>Land Surplus or Deficit (supply less demand)</b>	<b>21</b>	<b>3</b>	<b>(16)</b>
Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus or (Deficit) (tax lots)
Less Than 1 acre	10	2	8
1 to 2 acres	5	6	(1)
2 to 5 acres	7	5	2
5 to 10 acres	4	4	0
10+ acres	1	1	0
<b>Total</b>	<b>27</b>	<b>18</b>	<b>9</b>

Source: analysis by FCS GROUP based on land demand and supply findings.

## C. SITE REQUIREMENTS

Happy Valley's vacant land supply can become well positioned within the greater Portland Metropolitan Region to attract a mix of small, medium, and large employers over the coming decades. The majority of the targeted businesses considering expansion or relocation into Happy Valley consist of small to medium business operations (less than 50 employees). These small to medium businesses can locate within existing professional office or industrial buildings, or within new office or flex/industrial buildings developed on vacant sites with less than 5 acres in size.

Most small and medium business establishments (less than 100 workers) prefer to initially lease space in office or industrial/flex buildings, and/or could locate into redevelopment sites in downtown locations or employment centers (e.g., Rock Creek Employment Center). No special vacant land requirements are identified for future small or medium businesses. However, the City could pursue more proactive policies and investments aimed at incubating and growing self-employed and small business establishments locally.

The City can also provide a variety of medium and large sites (5 to 10+ acres) that meet the targeted business and industrial requirements. As the region's remaining land supply of large contiguous industrial and employment sites over 10 acres diminishes, these sites will be especially needed and highly valuable for retaining and attracting large businesses.

Once the remaining larger vacant sites are developed or acquired by businesses for future expansion (likely to occur within 20 years), large business establishments (over 100 employees) will have site size and infrastructure service requirements that cannot be easily met within the Happy Valley Town Center or the Rock Creek Employment Center. Typical site requirements for the targeted business types are described in **Table 10**. Please refer to the **Happy Valley EOA Technical Appendix** for a matrix of typical site infrastructure and related site selection criteria.

**Table 10. Typical Site Size Requirements for Targeted Business Types**

	Small Users	Medium Users	Large Users
	Less than 10 jobs per business	10 to 99 jobs per business	100+ jobs per business
<b>Industrial</b> ■ Advanced Manufacturing ■ Biomedical R&D	Building tenants in office or flex buildings. Can be accommodated in Happy Valley Town Center or Hwy. 212 corridor	2 to 6 acres per user. Prefers industrial or business park settings. Could be accommodated within Rock Creek Employment Center	6 to 20 acres per user. Prefers industrial zoned areas. Can be accommodated in Rock Creek Employment Center
<b>Office</b> ■ Professional Services ■ R&D component of Mfg. or Clean Tech	Tenants in offices in Happy Valley Town Center or flex buildings in Hwy. 212 corridor.	1 to 2 acres per user. Prefers commercial centers or light industrial/business park settings. Could be accommodated in Happy Valley	2 to 4 acres per user. Prefers business park setting with transit service. Could be accommodated in Happy Valley.
<b>Health Services</b>	Growth likely to cluster along Sunnyside Road, and new campus at Rock Creek Employment Center in planned locations.		
<b>Advanced Education/Training</b>	Growth likely to occur along Sunnyside Road at Eagle Landing or Town Center. Transit access is a plus.		

Source: Assumes site development requirements shown in Happy Valley EOA Technical Appendix.

## SECTION VI: POLICY ACTIONS

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OAR 660-009-0020(1)(a) and OAR 660-09-0025 require adoption of local economic development objectives and policies with special attention to designating lands for industrial and commercial use.

### A. POLICY ACTIONS

Consistent with EOA documentation requirements, the economic trends analysis, stakeholder interviews, Business Advisory Taskforce input, and the target industry clusters analyses, the City of Happy Valley is uniquely positioned within the greater Portland Region to experience continued success in retaining and attracting businesses and economic development. The ability to accommodate or exceed the level of employment growth expected under medium or high growth forecast requires the City to undertake proactive steps (adopt new policies) to mitigate the following risks:

- ◆ **Risk of Losing Large Commercial and Industrial Sites**

The City depends on vacant land supply of large parcels (over 5 acres) and recent local investment in roadways and infrastructure to serve planned development areas at Eagles Landing and Rock Creek Employment Center. The City could risk economic growth potential if ODOT/County transportation investment on the Sunrise Corridor connection between Carver Junction and 172<sup>nd</sup> Avenue is delayed. Until this investment is made, major employers, including Providence Health Care and others, will likely put off current business investment and job creation.

- ◆ **Risk of Not Adequately Preparing for Targeted Commercial Development and Redevelopment**

As the City's population and employment levels increase with time and vacant commercial land diminishes, it will need to rely more upon redevelopment areas. The City should consider adopting new performance zoning standards that allow ancillary commercial development to occur within industrial and employment zones. New economic and community development plans should be formulated to allow the City to leverage desired mixed-use development at the east end of the Happy Valley Town Center.

- ◆ **Need to Retain and Nurture Existing Employers within Happy Valley and Nearby Areas**

Within one mile of the existing Happy Valley city limits, there are several major health care and industrial businesses that may expand on at their current locations or relocate to other more suitable locations within the local market area. If the City continues to provide superior development planning and permitting services, excellent police/emergency services, and relatively low property tax rates on infrastructure, it may be able to provide businesses with a competitive location to conduct regional, national, and international activities.

- ◆ **Planning and Permitting Risks**

The City may opt to review its land use development code to ensure that it preserves sites for their intended use, yet is flexible enough to accommodate a full diversity of commercial and light

industrial uses consistent with public safety, public facilities, and positive urban design characteristics. The ability to provide streamlined and predictable permitting process outcomes can be a challenge as the City relies more on smaller infill and redevelopment sites to accommodate business growth.

♦ **Advance Sunrise Corridor ROW Purchase Risks**

Future investment along the planned Sunrise Corridor risks being hindered until adoption of the actual alignment. We recommend that ODOT and/or Clackamas County establish a rights-of-way (ROW) easement reserve fund to advance purchase ROW and easements from property owners interested in developing their land along the planned Sunrise Corridor alignment.

Most of these risk factors may be addressed by the City of Happy Valley, but will require partnerships with regional and state regulatory agencies, such as Metro, Clackamas County and ODOT. The City can take a leadership position by providing a local planning and permitting environment that is favorable to business investment and more proactive economic marketing to raise awareness of Happy Valley's strengths as the emerging high employment generator for the East Metro Region and urban Clackamas County.

## B. HAPPY VALLEY ECONOMIC DEVELOPMENT OBJECTIVES

OAR 660-009-0020 stipulates requirements for industrial and other economic development policies. Local comprehensive plans are required to provide community economic development objectives, a commitment to providing a competitive short-term land supply, and commitment to providing adequate sites and public facilities to serve new development.

Happy Valley's prior existing adopted economic development policies are provided in **Happy Valley EOA Technical Appendices, Appendix XX**. It is recommended that new implementation policies be adopted as part of this EOA update that focus on the following issues areas. The outline of new Community Economic Development Objectives that should be adopted as implementation policies cover the following issues areas:

- ♦ Commitment to Provide a Short-Term Land Supply
- ♦ Commitment to Provide Adequate Sites and Facilities
- ♦ Policies that Provide for Prime Industrial Land Development on Large Lots
  - Assist Property Owners with Oregon Industrial Site Certification Process
- ♦ Policies that Promote Targeted Redevelopment in the Town Center and Other Areas
- ♦ Policies that Work with ODOT and Clackamas County on the Sunrise Corridor
- ♦ Policies that Provide Proactive Economic Development Marketing and Incentives Directed Towards Strategic Clusters

This section describes the goals, objectives, and strategies that support a new economic development mission for the City of Happy Valley.

### **Mission Statement:**

*In order to expand our local economy to its fullest potential, the City of Happy Valley will work closely with local, regional and state economic development entities to create a positive environment that supports expansion of existing businesses and attracts new living wage employers. We will accomplish this through strategic investments in economic development marketing and infrastructure.*



## **Goal 1: Establish and Strengthen Public/Private Partnerships**

Objective 1.1: Document the significance of local and state public and private investments in pursuing local business development.

*Strategies:*

- Continue to monitor and research levels of private investment leveraged by the City of Happy Valley, Clackamas County, and regional/state/federal governments.
- Utilize City and local public and private investments as a local funding match on state and federal grants, when allowed in pursuit of grant funding.
- Leverage City and county resources with other public and private funds where feasible and equitable.

## **Goal 2: Increase Economic Vitality of Happy Valley**

Objective 2.1: Increase marketing exposure of shovel-ready development sites, including a mix of site sizes (i.e., 5-acre to 10-acre) to meet business expansion requirements.

*Strategies:*

- Work with Clackamas County and Business Oregon to provide web-based links that provide information pertaining to the Rock Creek Employment Center. This would include, but not be limited to the *Oregonprospector* website: ([www.oregonprospector.com](http://www.oregonprospector.com)).

Objective 2.2: Recruit businesses that offer living wages that are higher than the statewide average for all private business establishments.

*Strategies:*

- Focus on targeted business clusters for more proactive marketing outreach efforts. The targeted business clusters identified in the Happy Valley EOA include: health services and biomedical research and development; advanced manufacturing (including metals and medical devices/ equipment); and professional business services (including consultants, engineers, etc.).
- Market the Rock Creek Employment Center to targeted business sectors that provide wages equal to or better than statewide average.

Objective 2.3: Support urban agricultural and environmental tourism efforts within Happy Valley, as appropriate.

*Strategies:*

- Continue to work with local private enterprises and North Clackamas Parks to expand local use of these resources to provide off-peak visitation and related business spending impacts and to improve the quality of life for local residents and employees.

## **Goal 3: Become a Visible Economic Development Leader in the Greater Portland Region**

Objective 3.1: Support local, county, regional, state, and federal land use, environmental, and transportation projects and initiatives that may positively impact or influence business development in Happy Valley.

*Strategies:*

- Use available City staff and/or a designated non-profit (e.g., North Clackamas Chamber of Commerce) to attend key land use, transportation and economic



development forums, meetings, and hearings; and/or provide local resolutions of support for specific initiatives.

- Monitor projects and networks to decide which venues are most important to staff/attend.

Objective 3.2: Maintain and improve the working relationship with secondary education establishments, and local Worksource training networks.

*Strategies:*

- Strive to improve outreach and partnership opportunities with other agencies, such as OIT, Clackamas Community College, and Worksource Oregon.
- Expand community outreach, including regular communications to ensure the City's economic development mission, activities and operations are conveyed through press releases, public forums, and one-on-one communications.

#### **Goal 4: Facilitate Development of Rock Creek Employment Center and Happy Valley Town Center Infrastructure**

Objective 4.1: Work with Clackamas County and local residents and businesses to solidify a vision and preliminary design plan for a new Rock Creek Employment Center and Happy Valley Town Center.

*Strategies:*

- Conduct planning sessions, public workshops, and/or joint meetings with the City of Happy Valley Planning Commission and City Council to identify appropriate building scale and use orientation as a basis for a vision and preliminary design guidelines.
- Reach out to potential tenants to fully understand any potential interest in locating business operations into the Rock Creek Employment Center or other portions of Happy Valley, and what types of buildings and site layouts, amenities, and infrastructure are desired.

Objective 4.2: Work with Clackamas County, ODOT and potential site tenants to obtain full funding commitments for the on- and off-site infrastructure.

*Strategies:*

- Identify local, state, and federal grant and loan funding programs, and designated amounts of local funding match from designated city and county resources.
- Identify prospective tenants that may consider locating into the planned business park. Obtain letters of intent from tenant prospects.
- Work with the County to apply jointly for regional, state, and federal grant and loan programs to leverage designated local funding amounts.
- Obtain funding agreements from non-local entities and prepare full-funding agreements for final design and construction of SE 162<sup>nd</sup> Avenue and Rock Creek Bridge improvements.
- Update the City and County capital facilities plans to reflect the capital cost outlays and funding resources to be dedicated to the project.
- Ensure that adequate funding reserves are designated by the City and County to ensure project completion within desired time frame.

**Objective 4.3: Optimize Overall Site Development Potential**

*Strategies:*

- Evaluate locations with relatively steep slopes (i.e., over 10%) that are not conducive to industrial development, and implement zoning amendments that allow more flexible mixed-use development types that are compatible with adjacent industrial and/or employment areas.

**Objective 4.4: Oversee Development Regulations**

*Strategies:*

- Adopt clear and objective design standard, including identification of key design elements, and permitted and conditional uses allowed.
- Include energy efficient design standards that are obtainable and include controls on night sky light pollution.
- Include aesthetically pleasing, low-maintenance landscaping, signage, and site amenities, with an estimated cost estimate for annual operations and maintenance costs.
- Ensure that new sources of operating revenues are established to cover appropriate O&M expenses.

**Goal 5: Monitor Performance and Periodically Adjust Goals and Objectives**

**Objective 5.1: Monitor the overall completion and cost and benefits attributed to these aforementioned economic goals and objectives.**

*Strategies:*

- Prepare annual review of local success in achieving each of the aforementioned goals and objectives. Indicate whether the goal has been initiated, level of staff resources and budget expended, percent completion, and anticipated completion date.
- Identify direct investments leveraged by City resources, including amounts of public and private investment leveraged, direct jobs retained or created, and other measures of public benefit.
- Revise economic development mission, goals, and objectives annually, as appropriate to reflect ongoing success, and fiscal issues, constraints, and new opportunities.

The draft goals and policies that are listed above are intended to serve as local community economic development objectives that guide positive economic development within the Happy Valley UGB. The goals and policies are intended to replace the current Goal 9 policies for the City of Happy Valley. Please refer to the **Happy Valley EOA Technical Appendix** for the prior adopted Happy Valley economic development policies.