

ORDINANCE NO. 2019-01

**ORDINANCE ADOPTING AN UPDATE TO CITY OF FOREST GROVE
2009 ECONOMIC OPPORTUNITIES ANALYSIS AND AMENDING
FOREST GROVE COMPREHENSIVE PLAN; FILE NO. 311-18-000044-PLNG**

WHEREAS, City Council approved Resolution 2010-71 adopting the 2009 Economic Opportunities Analysis (EOA) to support the update to the Forest Grove Comprehensive Plan; and

WHEREAS, An EOA is required for compliance with Statewide Planning Goal 9 (Economic Development) and Oregon Administrative Rules Chapter 660, Division, 9, Section 15; and

WHEREAS, Oregon Administrative Rules directs that cities review, and as necessary, amend their comprehensive plans and provide an economic opportunities analyses describing national, state, regional, and local economic trends and comparing the demand for industrial and other employment uses to the existing supply of such land; and

WHEREAS, an update to the 2009 EOA was prepared by Johnson Economics to provide current and accurate information pertaining to economic trends, economic opportunities, and supply and demand for industrial and other employment uses; and

WHEREAS, the EOA was completed to the satisfaction of the City; and

WHEREAS, the Economic Development Commission considered the EOA update on November 1, 2018, and adopted a motion supporting the findings contained in the EOA update and recommended City Council acceptance; and

WHEREAS, The Oregon Department of Land Conservation and Development (DLCD) reviewed the EOA and provided comments to the City on December 6, 2018; and

WHEREAS, the City revised the EOA update to address DLCD comments; and

WHEREAS, the Planning Commission held a duly-noticed Public Hearing on February 4, 2019, to accept public comment on the EOA update and to consider recommending City Council adoption of the EOA update; and

WHEREAS, the Planning Commission adopted a motion on February 4, 2019, recommending that City Council accept the EOA update and amend the Forest Grove Comprehensive Plan to add the EOA update as an appendix to the Plan.

WHEREAS, City Council held a duly-noticed Public Hearing on April 8, 2019, and continued the Public Hearing to April 22, 2019.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1: The City Council hereby adopts the Economic Opportunities Analysis Update dated December 21, 2018, attached as Exhibit A.

Section 2: The City Council hereby amends the Forest Grove Comprehensive Plan to include the EOA update as an appendix to the Plan.

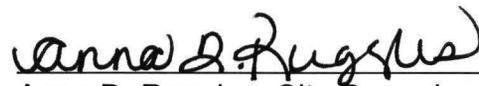
Section 3: The City Council adopts the Planning Commission's findings, attached as Exhibit B.

Section 4: Resolution No. 2010-71 is hereby repealed upon the effective date of this ordinance.

Section 5: This ordinance is effective 30 days following its enactment by the City Council.

PRESENTED AND PASSED this 8th day of April, 2019.

PASSED the second reading this 22nd day of April, 2019.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 22nd day of April, 2019.



Peter B. Truax, Mayor



**CITY OF FOREST GROVE
ECONOMIC OPPORTUNITIES ANALYSIS
(OREGON STATEWIDE PLANNING GOAL 9)**



**EDITED
DECEMBER 21, 2018
PUBLIC HEARING DRAFT**

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I. INTRODUCTION

This report introduces analytical research presenting an Economic Opportunities Analysis (EOA) for the City of Forest Grove, Oregon.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within the UGB. The principal purpose of the analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

To this end, this report is organized into six primary sections:

- **Economic Trends:** Provides an overview of national, state and local economic trends affecting Forest Grove, including population projections, employment growth, retail trends and a demographic profile.
- **Target Industries:** Analysis of key industry typologies the City should consider targeting as economic opportunities over the planning period.
- **Employment Land Needs:** Examines projected demand for industrial and commercial land based on anticipated employment growth rates by sector.
- **Capacity:** Summarizes the City's inventory of vacant and redevelopable industrial and commercial land (employment land) within the City of Forest Grove's boundary.
- **Reconciliation:** Compares short- and long-term demand for employment land to the existing land inventory to determine the adequacy and appropriateness of capacity over a five and twenty-year horizon.
- **Conclusions:** Summary of findings and policy implications.

The prior Economic Opportunities Analysis for the City of Forest Grove was adopted in 2009. This updated analysis reflects changes in employment, land supply, and macro-economic trends since that time. In 2014, the City has experienced large expansions of the Urban Growth Boundary adjacent to the City, including new employment land. In addition, Urban and Rural Reserves have been established outside of the UGB. This includes 320 acres of urban reserves at the western end of the city. These changes are reflected in the following analysis and inventory of buildable lands.

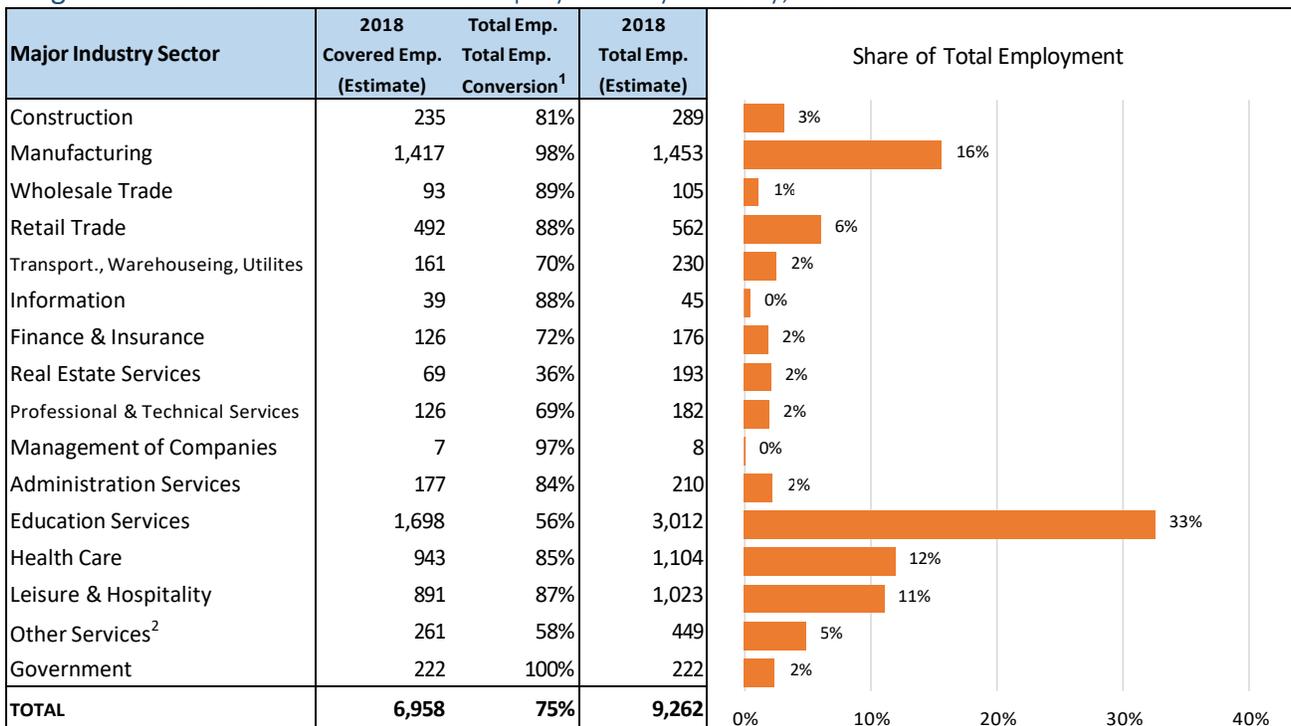
Prepared by:
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Portland, OR 97205
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II. EXECUTIVE SUMMARY

This section presents an overview of key themes and findings presented in this report. More detail on all of these subjects can be found in the following sections.

- The City of Forest Grove is an attractive and growing community, with excellent livability, and a diverse local economy and employment base for a city of its size. Located in western Washington County on the edge of the Portland Metro area, Forest Grove also enjoys inter-relationships with the region, and access to larger markets.
- Since 2000, the annual growth rate in employment in Washington County has exceeded the rate seen in both the state, and the rest of the Metro region. The county has added an estimated 71,500 jobs since 2000, growth of 29%. In Forest Grove, where job growth has been slow but positive, employment grew only 5% since 2000.
- The county accounts for roughly 25% of the total employment in the Portland Metro region, and 16% of the employment in Oregon. The local unemployment rate is consistently lower than the state or national rate.
- In 2018, Forest Grove has an estimated 9,250 local jobs across a range of industries. This data includes “covered employment”, subject to unemployment insurance benefits, as well as an estimate of the “non-covered employment” which includes self-employed people, many small business owners, LLC partners, and other cases. The largest sectors in Forest Grove by employment share are private education services, manufacturing, health care, and leisure and hospitality (food service and tourism).

Figure 2.1: Forest Grove Estimated Employment by Industry, 2018



¹ Bureau of Economic Analysis. Calculated as a five-year average between 2012 and 2016

² "Other Services" includes most personal services not considered retail activity, such as beauty and hair care, repairs, dry cleaning religious services, advocacy, and others.

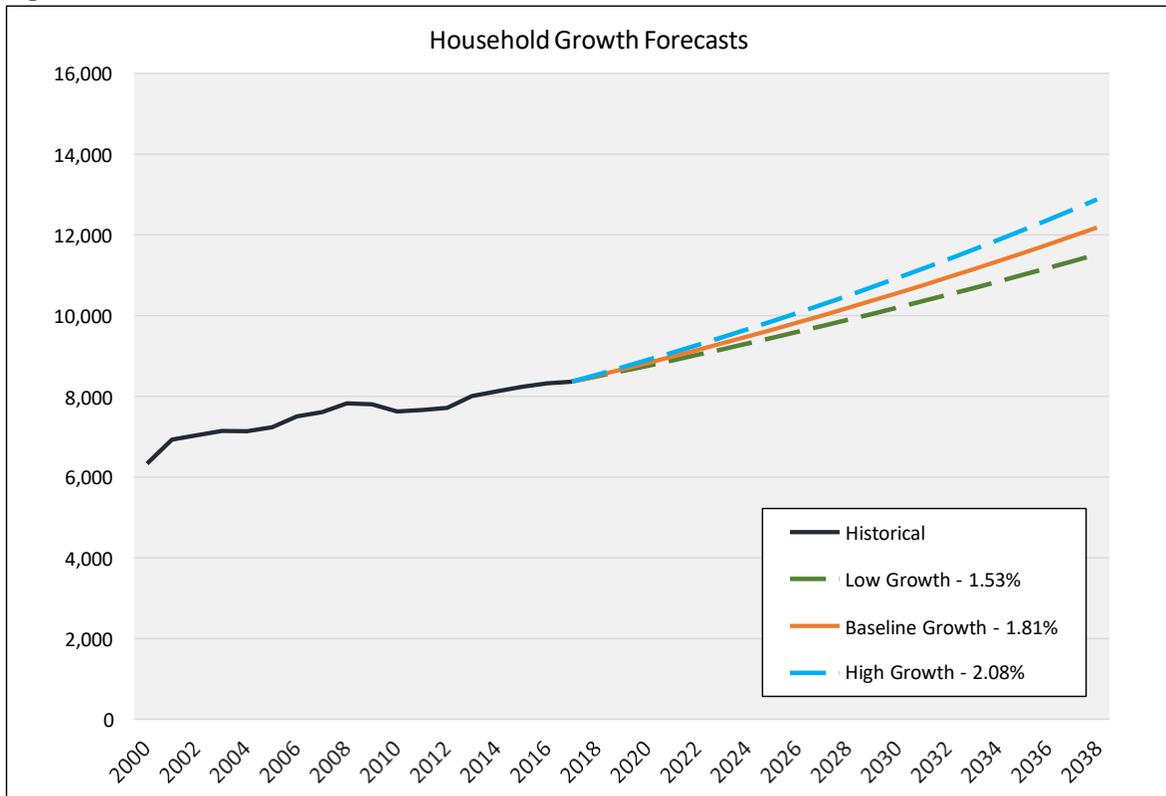
Source: Oregon Employment Department, Johnson Economics

- “Location Quotient” analysis indicates that Forest Grove currently enjoys a greater share of employment in

manufacturing and education and health, in comparison to the county, metro, or national level. Employment in these sectors are 2.5 times higher than the national average. Forest Grove also experiences a higher share of jobs in leisure and hospitality, at 1.25 times the national average.

- Oregon’s largest export industries are categories that are largely favorable to Forest Grove and Washington County in general. These include the products of skilled manufacturing, such as semiconductors and electronic components, as well as agricultural and process food products. Asian countries, led by China have grown rapidly as trade partners since the turn of the century.
- Based on Forest Grove’s current competitive advantages, clustering and locational attributes a number of potential target industries have been identified. These industries are opportunities to grow existing businesses, attract new ones, and encourage new start-ups:
 - Agriculture, Food and Farm Products
 - Tourism and Winery Development
 - Education
 - Retirement Services
 - High Tech
- Since 2000, Forest Grove has grown by nearly 6,000 people (33%), to just under 24,000 people in 2018. Forest Grove is home to an estimated 8,500 households. The growth rate has largely matched that seen in the county. The following figure presents historical growth in households from 2000, and projected growth based on the Metro 2040 forecast. In addition to the forecasted growth rate of 1.81%, the figures presents a range of potential growth scenarios. These forecasts arrive at a range of 11,500 to 12,900 households by 2038.

Figure 2.2: Forest Grove Forecasted Household Growth: 2000 and 2038



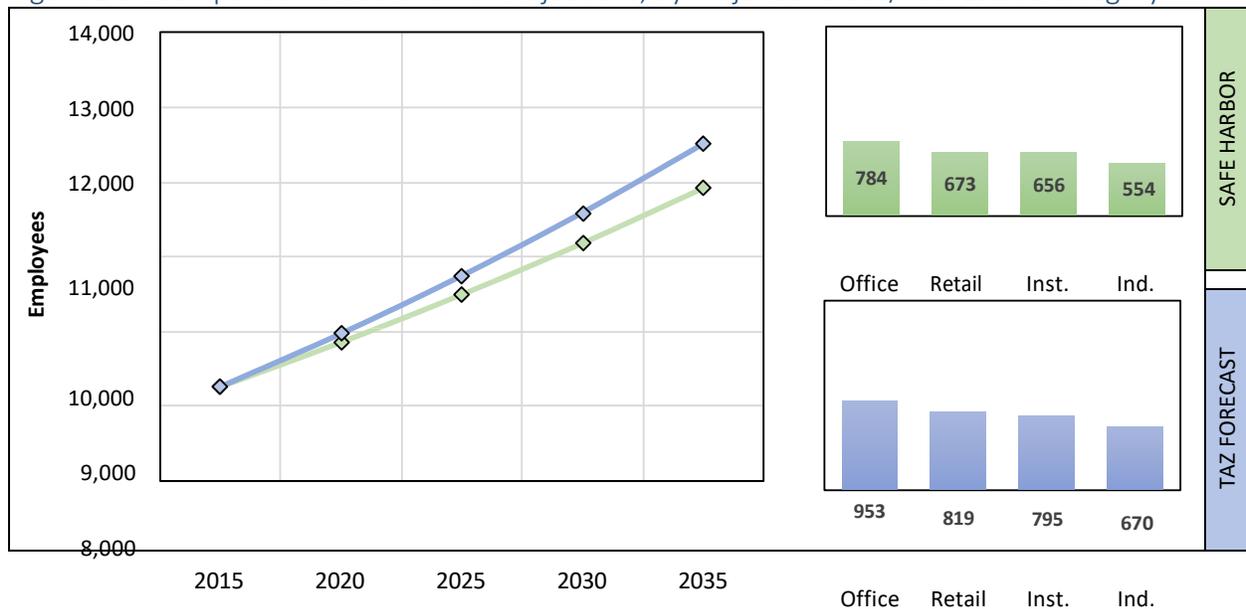
Source: Metro 2040 Distributed Forecast, Johnson Economics

- In the most recent migration data available from the IRS (2015-2016), Washington County saw a net population gain from Multnomah County, and a net population loss to Clackamas, Clark and Yamhill Counties. In fact, more people move out of Washington County to other places in Oregon and Washington State, than migrate from those areas. Net positive migration in recent years is attributable to migrants from other states and abroad.

Projected Land Need (Demand)

- This analysis presents to potential growth scenarios for employment, which impact the projected demand for employment land over the 20-year planning period.
- The first forecast uses the “Safe Harbor” methodology allowed by State Goal 9 statute and associated implementing rules. This approach relies on the most recent regional forecast published by the Oregon Employment Department (OED). The most recent OED forecasts for the Portland Metro area cover the period of 2014 to 2024. This analysis calculates the average annual growth rate for each industry sector from this forecast, and then applies this annual growth rate to the 20-year planning period.
- The second forecast uses a slightly higher projected growth rate derived from Metro’s coordinated urban growth planning. Forest Grove and other metro-area jurisdictions work with Metro to update long-range forecasts of employment and housing by Transportation Area Zone (TAZ). The latest estimates were finalized in mid-2016, in the Metro 2040 Distributed Forecast. This forecast projected an average annual job growth of 1.51% in Forest Grove over the 2015 to 2040 period.
- The two forecast scenarios in this analysis range from 1.3% average annual growth (Safe Harbor) to 1.5% (Metro 2040). 20-year job growth estimates range from 2,665 to 3,237 jobs respectively.

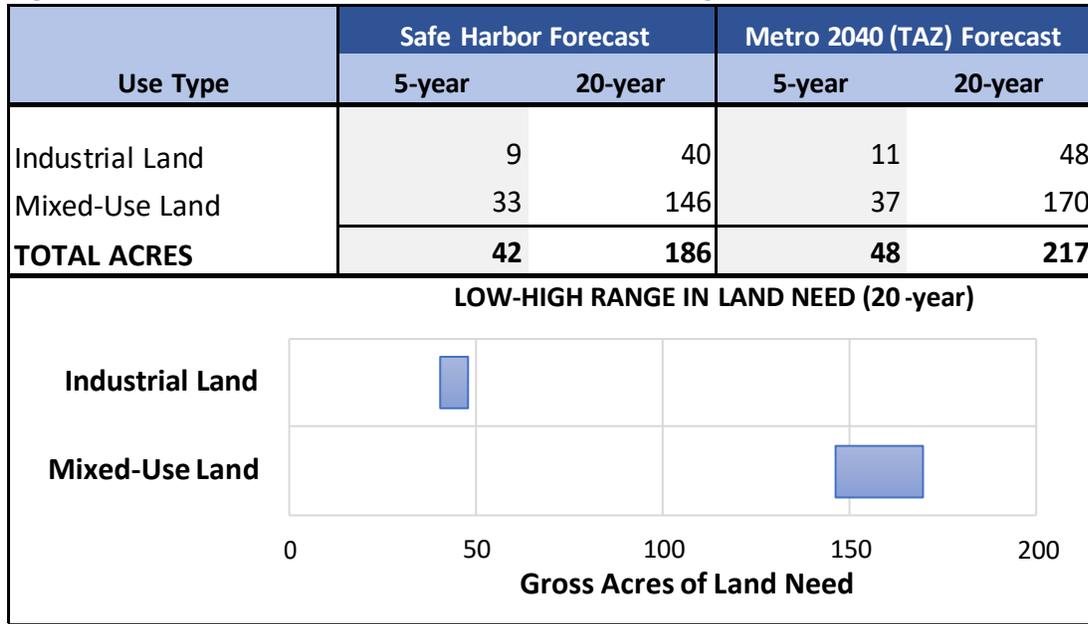
Figure 2.3: Comparison of Job Growth Projections, by Major Land Use/Real Estate Category



Source: Oregon Employment Department, Metro, Johnson Economics

- The projections of future employment are translated into demand for appropriate real estate space, which is then converted into a forecast of demand for employment lands. (See Section V of this report.)
- The employment projections translate to an estimated 20-year need for 186 to 217 acres of employment land to accommodate the job growth. This land need is distributed across major land use categories, but the greatest need is in general commercial land suitable for office or retail uses.

Figure 2.4: Gross Land Need, Reduced Mixed-Use Categories



Source: Johnson Economics

Buildable Land Inventory (Supply)

- The Buildable Land Inventory (BLI) used in this model is based on the most current Metro draft BLI dating to March, 2018. This BLI has been reviewed and refined by Johnson Economics to better reflect the realities on the ground, missed by Metro’s more formulaic approach. This local-level review is an anticipated part of Metro’s process. (See Section VI for more discussion of BLI methodology).
- There is an estimated total of 292 acres of buildable, or redevelopable land located in the city. A majority of these buildable acres (275 ac.) are located within the current City boundary. Two large parcels (36.8 ac. & 17 ac.) are located outside of the City boundary, but within the UGB.
- Most available acreage is in areas with Industrial zoning (74%). There is a smaller amount of buildable acreage in Mixed Use¹ zoning.

¹ Metro identifies most of commercial zoning in Forest Grove as having a general classification of “Mixed Use” because it also allows for some amount of residential use in addition to commercial uses. Therefore none of the parcels counted in this land inventory are considered to be “commercial” land, despite many being located in the Community Commercial zone.

Figure 2.5: Summary of Buildable Land Inventory

Land Use	Vacant		Redevelopment		TOTALS	
	Parcels	Acres	Parcels	Acres	Parcels	Acres
Industrial	29	173.2	7	63.9	36	237.1
Mixed Use	6	22.6	5	23.8	396	55.0
TOTALS:	35	195.8	12	87.7	432	292.1
<i>w/i City:</i>	<i>33</i>	<i>178.8</i>	<i>12</i>	<i>87.7</i>	<i>430</i>	<i>275.1</i>
<i>w/i UGB:</i>	<i>2</i>	<i>53.8</i>	<i>0</i>	<i>0.0</i>	<i>2</i>	<i>53.8</i>

Source: Metro, City of Forest Grove, Johnson Economics

Reconciliation of Supply and Demand

- Current buildable land supply is estimated to be sufficient to meet short term needs, but not long term needs.
- Over the 20-year period, the buildable supply does exceed the long term demand. However, this analysis finds that the classification of available land (mostly industrial) is a poorly matched to future employment needs.
- The demand for Mixed Use and/or Commercial lands will exceed the supply of these land categories over the planning period.
- Many of the same types of uses (office and retail) can be suitable to either Commercial or Mixed Use land, so the balance between these two zoning types are somewhat fungible. In other words, some of the estimated demand for new land could be accommodated by new commercial or mixed use land, or a mix.
- This analysis indicates that there may be a significant oversupply of designated industrial land in Forest Grove, and that some of this might be repurposed for other employment uses.

Figure 2.6: Reconciliation of 20-Year Demand and Supply

SAFE HARBOR FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Safe Harbor Forecast		Buildable		
	5-year	20-year	Acres	5-year	20-year
Industrial Land	9	40	237.1	228	196.75
Mixed-Use Land	33	146	55.0	22	(91.15)
TOTAL:	42	186	292.1	250	105.60

METRO 2040 (TAZ) FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Metro 2040 Forecast		Buildable		
	5-year	20-year	Acres	5-year	20-year
Industrial Land	11	48	237.1	226	189.16
Mixed-Use Land	37	170	55.0	18	(114.55)
TOTAL:	48	217	292.1	244	74.60

Source: Metro, City of Forest Grove, Johnson Economics

(All subjects are discussed in greater detail in the following report.)

III. ECONOMIC TRENDS

This report section summarizes long and intermediate-term trends at the national, state, and local level that will influence economic conditions in Forest Grove over the 20-year planning period. This section is intended to provide an economic context for growth projections and establish a socioeconomic profile of the community.

Regional Context

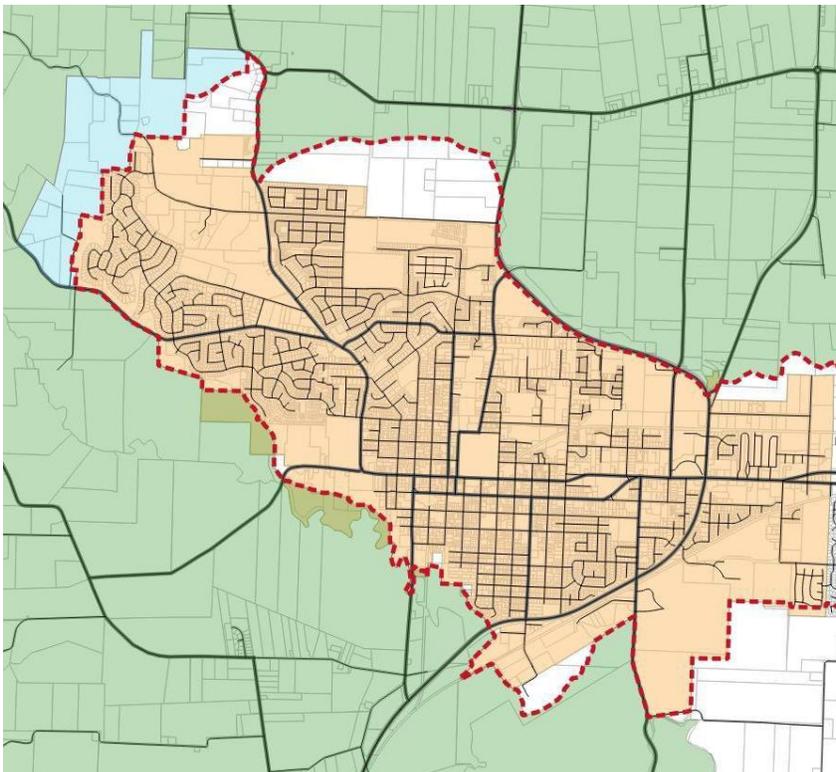
The City of Forest Grove functions in a regional economy that is influenced by broader economic trends and conditions in the Portland Metropolitan area and the nation. This section summarizes anticipated and observed national, state, and local trends and their likely influence on the Forest Grove economy.

Short-Term Trends (0 - 5 Years)

An Economic Opportunities Analysis (EOA) is primarily focused on long-term structural cycles. However, the Portland Metropolitan area is currently exhibiting trends across many metrics that are clearly indicative of structural changes in the regional status quo. Short term trends are easier to discern, as well as more relevant to current economic development needs.

Long-Term Trends (0 - 20 Years)

Economic growth in Forest Grove over the twenty-year planning period will occur in the context of long-term economic and demographic conditions.



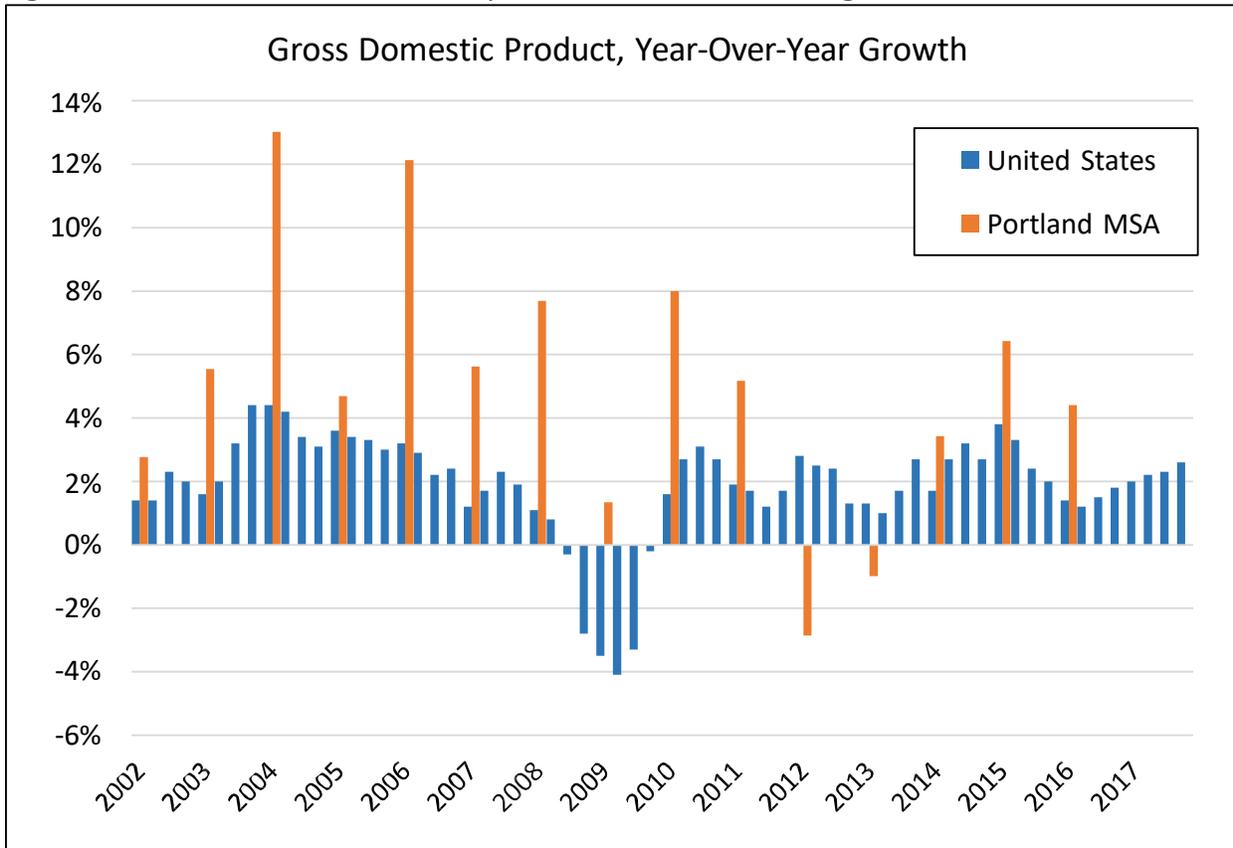
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The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area. This determination is based on local economic development aspirations, grounded in observed national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses.

Economic Growth

Nationally, the Great Recession which began at the end of 2007 officially brought six consecutive quarters of negative economic growth in 2008 and early 2009. The depth of and duration of this downturn was the most pronounced since World War II. The recovery and current expansion cycle has been healthy but somewhat modest to date, with credit markets remaining more stringent, businesses and consumers more cautious, and housing construction more muted than prior to the recession. This is despite a recovery that has now lasted nearly a decade.

Figure 3.1: Gross Domestic and Metropolitan Product, 2002 through 2017



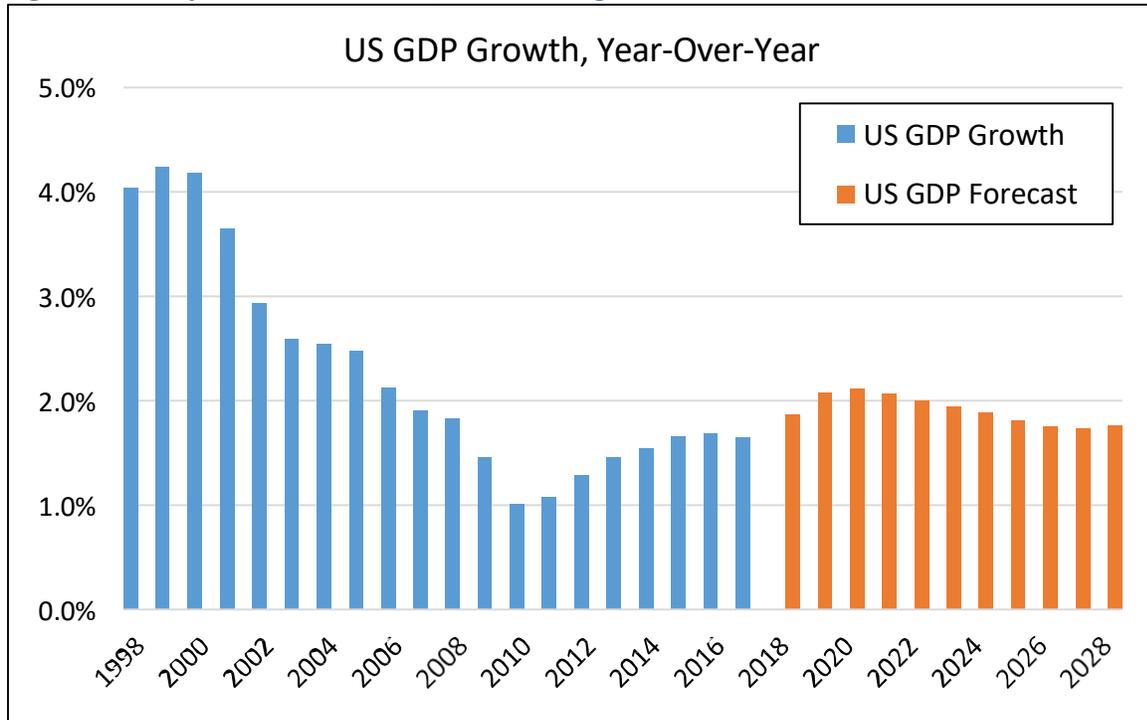
Source: US Bureau of Economic Analysis (BEA)

Recession era declines in output growth were less severe locally, a likely product of a high share of traded sector² industries. Similar to previous cycles, inflection points in economic cycles continue to lag national trends by several years. For example, local negative output occurred in 2012-2013, not 2008-2009. Portland Metro GDP growth tends to outpace the national growth rate, both before and after the recession.

² Traded sector industries are those which sell their products or services outside of the local region, state or country. These industries can grow the local economy by bringing in external wealth, rather than recirculating internal wealth. Also, they may be better buffered from local economic events, but more vulnerable to external economic events.

The Congressional Budget Office (CBO) forecasts that US growth will remain moderate in the 2% range over the near- and long-term, which would be lower growth than experienced in past expansion cycles³. These modest growth levels complicate Federal Reserve decisions on when to raise interest rates and to what degree, and will also tend to slow wage growth.

Figure 3.2: Projected GDP Growth, 1998 through 2028



Source: US Bureau of Economic Analysis (BEA), Congressional Budget Office

Monetary Policy Outlook: The Federal Reserve (The Fed) uses monetary policy to influence business cycles to meet targets for employment and inflation. During the great recession The Fed employed unprecedented measures to stave off a financial crisis and repair economic conditions. The Federal Funds Rate remained near 0% between 2010 and 2015. In the last few years, the Fed has raised the Funds Rate slowly and incrementally but it remains very low by historical standards.

With the current business cycle now in its eighth year, another downturn has become increasingly likely, leaving some economists concerned that very low rates will limit the Fed’s ability to combat another recession by cutting rates.

³ Congressional Budget Office, The 2018 Long-Term Budget Outlook (April 2018)

Impact on Forest Grove:

In the near-term, borrowing costs for local companies will increase over the next several years, as interest rates continue to trend upwards. However, this should occur in the context of continued economic growth. With economic performance in the region typically lagging national trends, Forest Grove should see positive economic growth exceeding national levels through 2020. Continued housing construction and business investment in capacity expansion will lead growth in coming years.

The region will continue to experience the “costs of success” that come with strong growth, including escalating housing costs and tight housing supply, as well as escalating labor costs among shortages of qualified workers. Policies that allow for continued growth in both commercial uses and housing can relieve some of these pressures by ensuring sufficient land supply.

Employment Trends

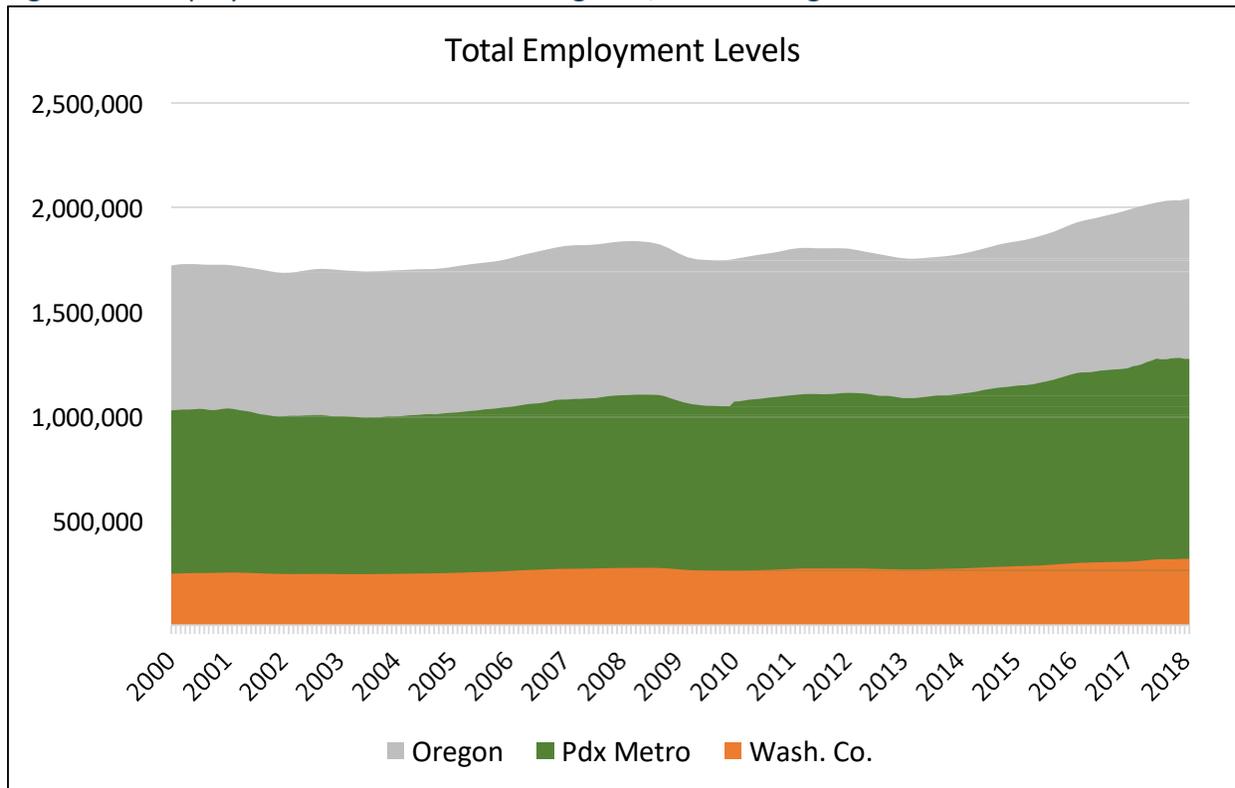
Oregon employment trends since 2000 reflect the general national economic trends including a tech-driven recession early in the century, followed by a period of robust growth led by the housing market, and development. Employment peaked in early 2008 before leveling, and then fell sharply through 2009 as a result of the recession and financial crisis.

Statewide, employment did not surpass the previous high mark until 2015, however growth in the Portland Metro area was faster. The Metro area has led the state out of the recession, with the region regaining its lost employment by 2013, and continuing strong growth since then.

Washington County has added an estimated 43,000 jobs in the last ten years, and 71,500 jobs since 2000 (growth of 16% and 29% respectively). The annual growth rate in employment in Washington County has exceeded the rate seen in both the state, and the rest of the Metro region.

Washington County accounts for roughly 25% of the total employment in the Portland Metro region, and 16% of the employment in Oregon. As discussed more in the following section, Forest Grove accounts for roughly 3% of Washington County’s employment.

Figure 3.3: Employment Levels: State and Regional, 2000 through 2018



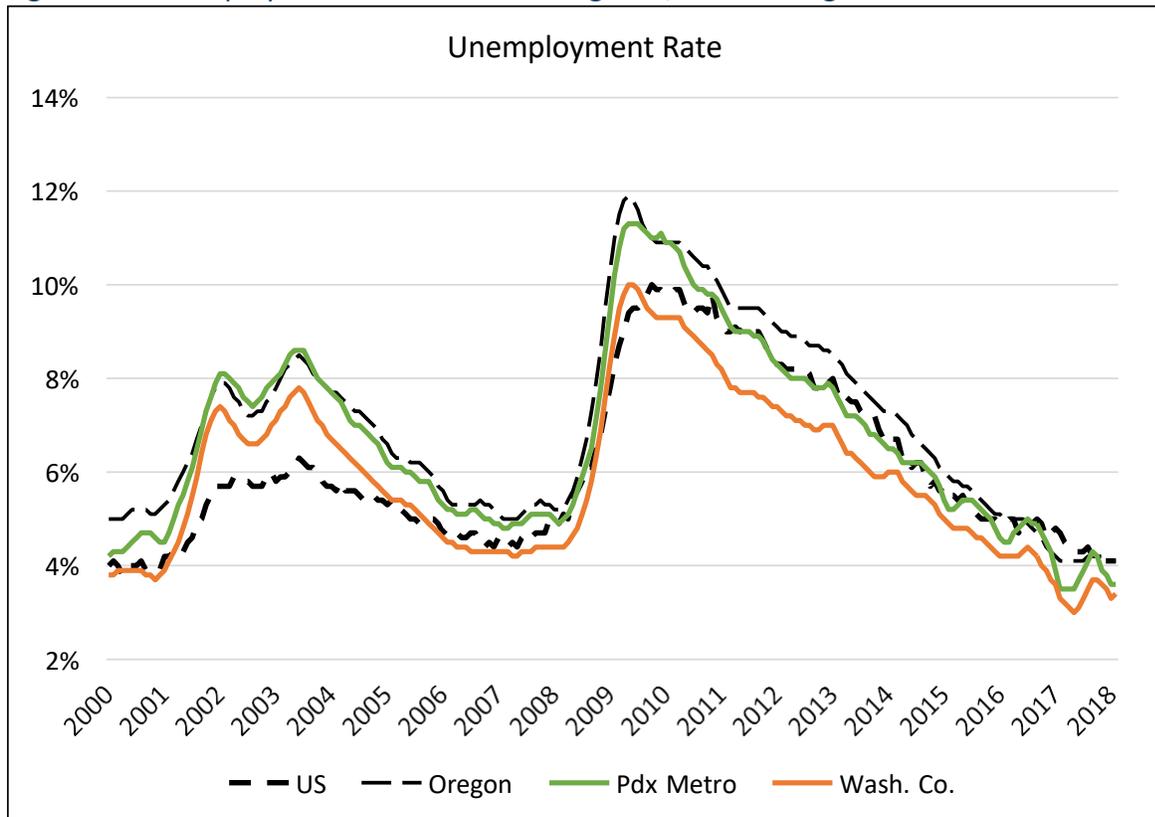
Source: Oregon Employment Department

As expected, the unemployment rate reflects these trends. After a period of elevated unemployment following the recession of the early 2000’s, the rate fell until 2008 when it spiked dramatically (see following figure).

Unemployment in Oregon and the Portland Metro region generally, both spiked roughly two percentage points higher than the national average by 2009. However, the Washington County rate remained lower, peaking at roughly 10%.

Since 2009, the unemployment has fallen steadily for nearly a decade. The unemployment rate in Washington County has remained below that of the Metro, state, or nation. While the exact definition of “full employment” and what constitutes a healthy unemployment rate differs, at its current rate of 3.4% it is near historic lows and reflects a very tight labor market.

Figure 3.4: Unemployment Rate: State and Regional, 2000 through 2018



Source: Oregon Employment Department

Impact on Forest Grove:

In the near-term, employment is expected to continue to grow and the labor market is expected to remain very tight, with growing competition for qualified labor for nearly all categories of employers. The duration of this situation will depend on the timing of the next cyclical downturn.

Over the mid- to long-term, such a downturn will surely occur, which would be expected to cause employment levels to stagnate or drop, and unemployment to rise. The positive news is that with current tight conditions, a modest drop-off might serve to return the labor market to more sustainable levels. Over a full 20-year period, multiple up and down economic cycles are to be expected.

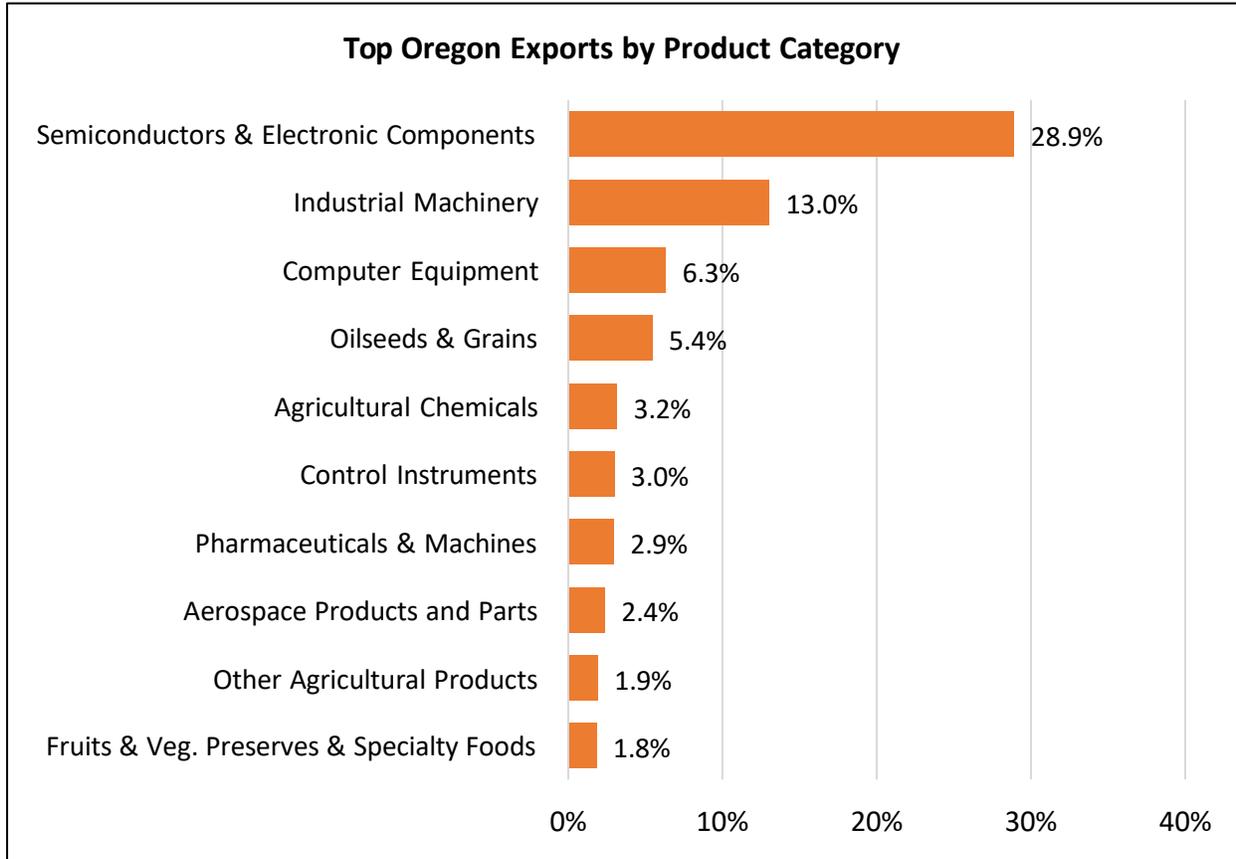
(The local employment cross-section is discussed in more detail in a following section.)

Export Trends

Oregon’s Economic health is largely connected to growth in the export market. This is especially true in Washington County, which accounts for a considerable share of Oregon’s traded-sector output. In 2017, Oregon’s total export value reached over \$21.9 billion, growing 19% over the prior five years.

Nearly 29% of state exports (by value) is in semiconductors and electronic components, an industry in which Washington County leads the state. Other technical products as well as agricultural products are also prominent components of state exports.

Figure 3.5: Oregon Exports by Product Category: 2017



Source: US Department of Commerce

China receives most Oregon imports by value (\$3.9 billion) followed by Canada, and a number of Asian countries. Over the last decade export growth has been most robust with China (+175%), Malaysia (+114%), and Vietnam (+1,500%). Oregon’s exports to Canada have actually decreased somewhat over the decade (-17%). (See following figure.)

Figure 3.6: Oregon Exports by Destination: 2017



Source: US Department of Commerce

Economic development leaders in the region are confident that there is more room for growth. Increasing exports has become a central component of regional economic development strategies. The connection of export growth to job creation is clear; the Oregon Office of Economic Analysis estimates that 90,000 jobs are directly supported by Oregon exports. A key element in the Greater Portland Export Plan is catalyzing under exporting firms, emphasizing creation of global opportunities for small and medium sized firms.

Negotiations were recently concluded for a new Trans-Pacific Partnership, a free-trade agreement with twelve Pacific Rim countries, including seven of Oregon’s top fifteen trading partners. As of 2018, the United States participation in this pact has been shelved or at least delayed by the current administration. Still strong support remains for rejoining the partnership, so this remains a good prospect for the future. Over 31 percent of all Oregon exports are currently with existing FTA partners, an increase of over one-third in ten years. If eventually approved, the TPP agreement could expand Oregon’s export potential markedly.

**Greater Portland Export Plan
(Four Strategies):**

- Leverage Primary Exporters
- Catalyze Under Exporters
- Build a Healthy Export Pipeline
- Branding

GREATER PORTLAND EXPORT PLAN
METRO EXPORT INITIATIVE
BROOKINGS

Greater Portland Global

A joint project between the Brookings Institute and JP Morgan Chase. The plan’s focus is on the interaction of exports and Foreign Direct Investment (FDI). A key finding was that excluding Japan; the region lacks FDI out of Pacific Rim partners.

GREATER PORTLAND GLOBAL
BROOKINGS

While many structural conditions are in place to facilitate strong export expansion, prospects for growth are not without risks. Most notably, on-going and reoccurring labor disputes at the Port threaten to undermine certainty for exporting firms in the Oregon market. A long-term resolution and return of shipping business will be necessary for the region to meet its export goals.

The current US political climate has grown more hostile to trade agreements and more favorable to measures such as tariffs which have the potential to trigger reprisals from other countries and significantly impact world trade. This political climate has created significant uncertainty over whether these measures will actually be put in effect, and if so how long they might remain in place. Changes in the strength of the U.S. dollar also impact exports positively or negatively.

Impact on Forest Grove:

The manufacturing economy in Washington County has been, and will continue to be highly reliant on trends across a global marketplace. On the positive side, expanded wealth and purchasing power in emerging markets on the Pacific Rim and Latin America should continue to drive demand for products and services made in the area. However, this reliance goes hand-in-hand with exposure to global instability and volatility.

In the near-term, a stronger dollar will temper export growth, as U.S. products are more expensive to foreign buyers. Political uncertainty over the country's favorability to trade deals has the potential to create major disruptions in the short to mid-term, but may not materialize. In the long-term, structural conditions and economic development initiatives are in place for continued export growth.

The region continues to grow robustly on measures positive for the export economy including a modern, educated workforce, and continued preservation of agricultural lands, which support agricultural exports and food processing industries.

Demographic Trends

In terms of absolute numbers, the Portland Metro area has been the center of growth in population and households for decades. The region has seen the earliest and strongest economic recovery from the recent recession, and offers the greatest diversity of new opportunity for potential new arrivals. Since 2000, the four-county Portland Metro region (including Clark County) has grown by nearly 500,000 people, to 2.28 million people. This is over 27% growth since 2000 and over 60% growth since 1990.

Washington County represents 26% of region's population, at 596,000 people. It has added over 150,000 people, or 34% of its population since 2000. It was the fastest growing of the three Oregon counties during that period, and lagged just behind Clark County in growth rate.

Since 2000, Forest Grove has grown by nearly 6,000 people (33%), to 23,500 people in 2017. The City represents 4% of the county's population, and 1% of the Metro area.

(All figures courtesy of Portland State University Population Research Center.)

Figure 3.7: Forest Grove Household Trends & Short-Term Projections: 2000 - 2023

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS						
	2000 (Census)	2010 (Census)	2018 (Est.)	Growth Rate 10-18	2023 (Proj.)	Growth Rate 18-23
Population	17,830	21,130	23,980	1.6%	26,225	1.8%
Households	6,336	7,628	8,514	1.4%	9,311	1.8%
Families	4,128	4,909	5,479	1.4%	5,992	1.8%
Housing Units	6,702	7,845	8,920	1.6%	9,755	1.8%
Household Size	2.64	2.77	2.82	0.2%	2.82	0.0%
PER CAPITA AND AVERAGE HOUSEHOLD INCOME						
	2000 (Census)	2010 (ACS)	2018 (Est.)	Growth Rate 10-18	2023 (Proj.)	Growth Rate 18-23
Median HH (\$)	\$40,296	\$47,296	\$54,437	1.8%	\$59,438	1.8%
Average HH (\$)	\$48,231	\$60,310	\$70,142	1.9%	\$77,084	1.9%

Source: US Census, PSU Population Research Center, Metro, Johnson Economics

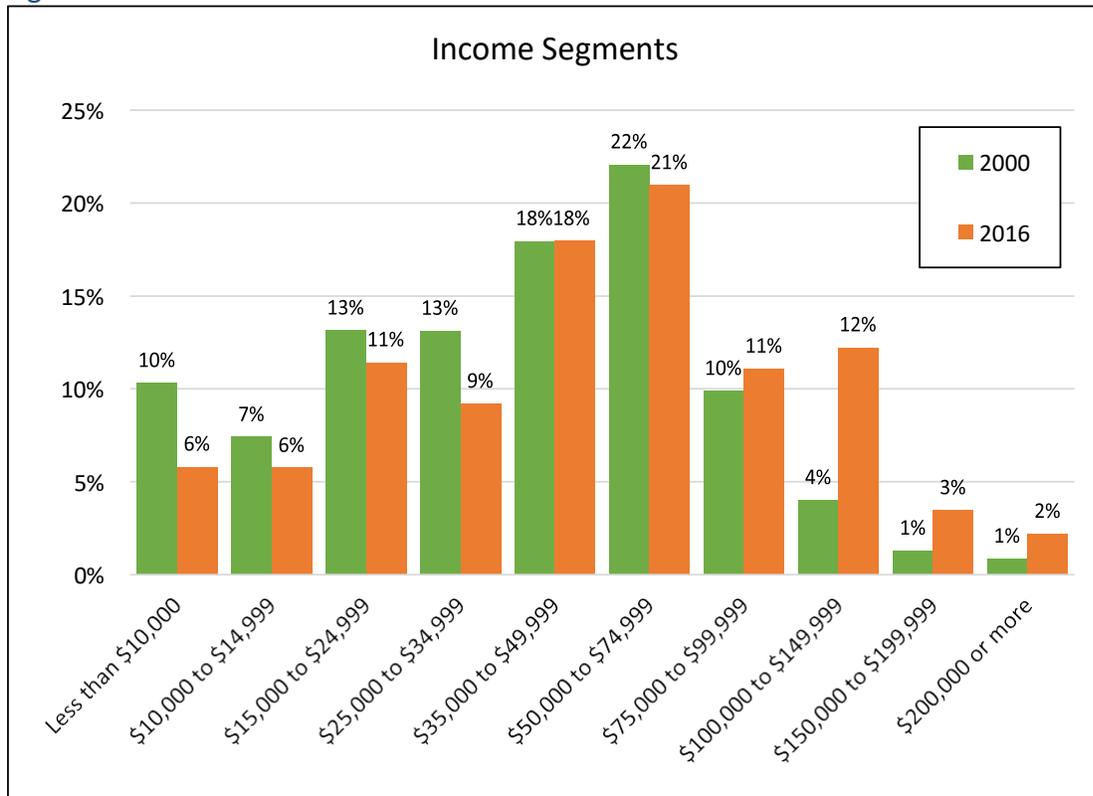
Population and Households

- As of 2018, Forest Grove is estimated to approach 24,000 people, making it the 24th largest city in Oregon.
- Forest Grove is home to an estimated 8,500 households in 2018. The percentage of families declined slightly since 2000 from 65% to 64% of all households. This is lower than the Washington County figure of 67% family households, and higher than the state's 63%.
- The Census estimates that Forest Grove's average household size has actually increased since 2000, from 2.6 to 2.8. This is smaller than the county average of 3.1 but larger than the statewide average of 2.5.

Income Levels

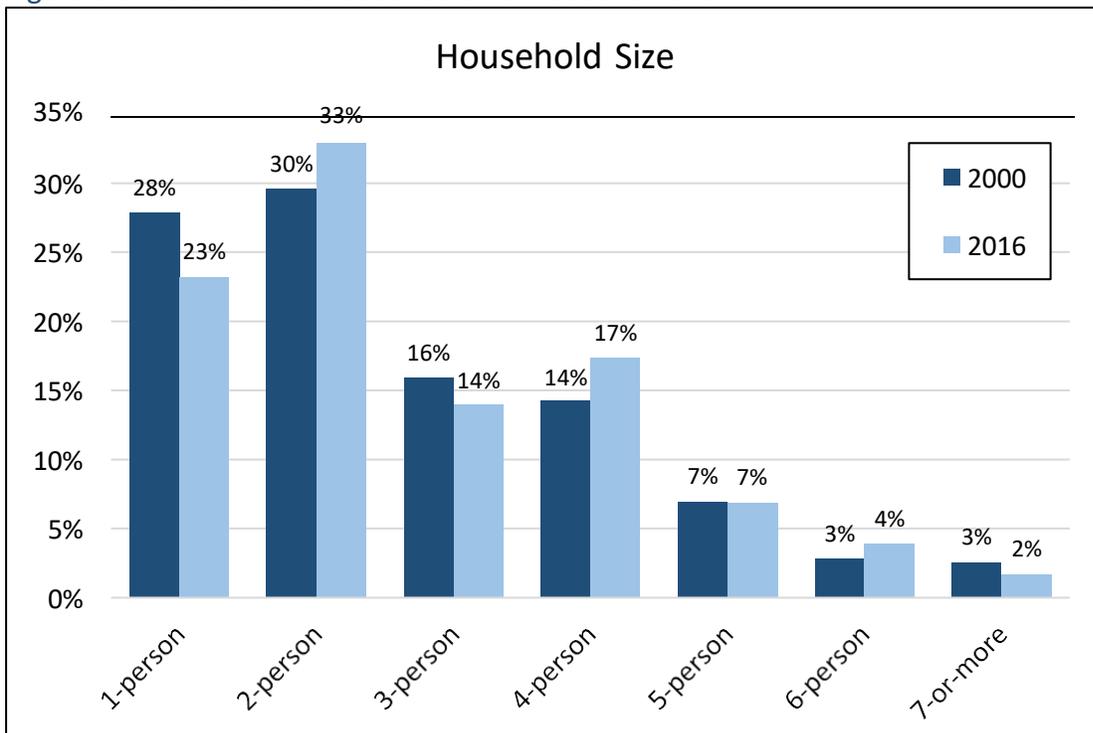
- Forest Grove's median household income was \$47,300 in 2010. This was 32% lower than the median income found in the county (\$62,500).
- Median income has grown an estimated 35% between 2000 and 2018.
- Figure 2 shows the distribution of households by income in 2000 and 2016 according to the US Census' American Community Survey. The largest single income cohort is those households earning between \$50k and \$75k, at 21% of households. 50% of households earn less than this, while 29% of households earn \$75k or more per year.
- 23% of households earn \$25k or less, down from 31% of households in 2000.

Figure 3.8: Forest Grove Household Income Cohorts: 2000 and 2016



Source: US Census, American Community Survey, Johnson Economics

Figure 3.9: Forest Grove Household Size: 2000 and 2016



Source: US Census, American Community Survey, Johnson Economics

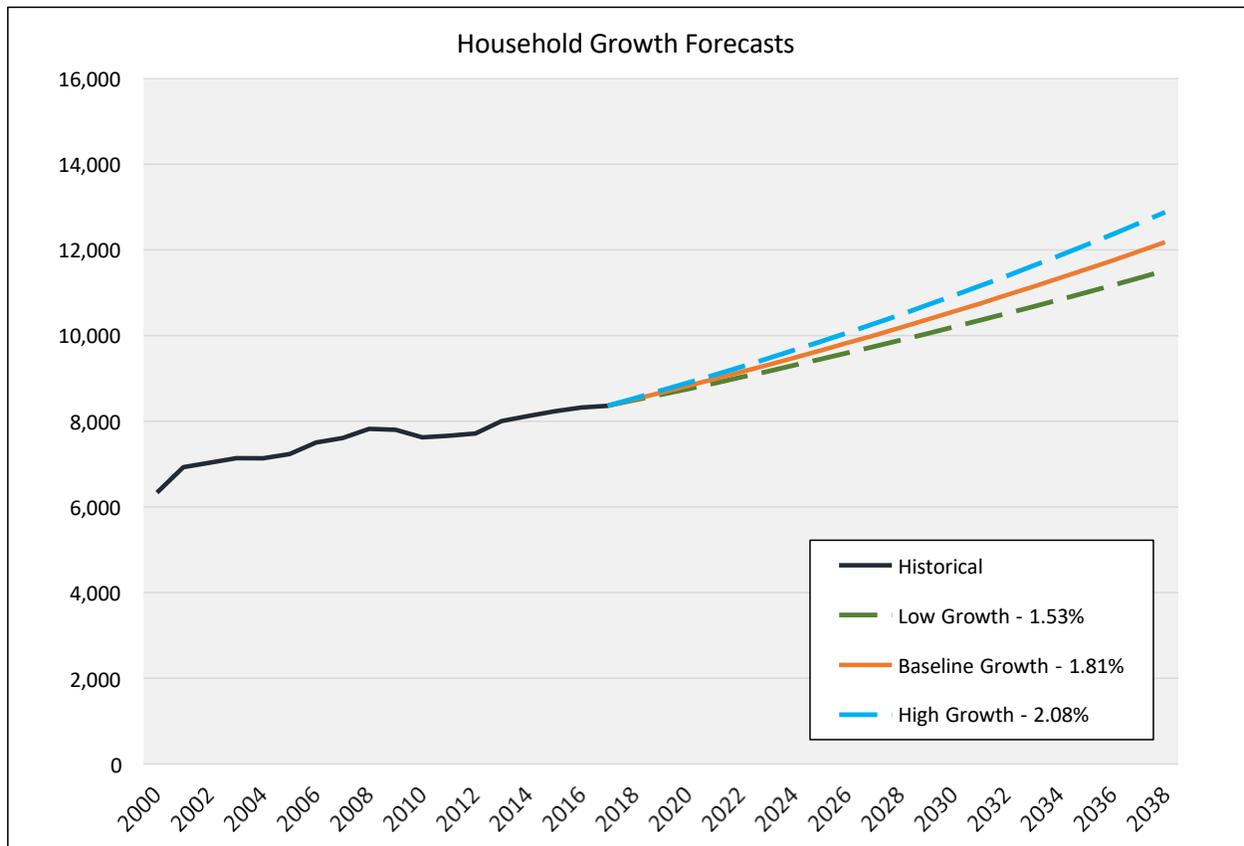
Household Growth Projections

Metro regional government periodically prepares household growth forecasts for the member jurisdictions across the region, including Forest Grove. The latest forecast dates to 2016, and is the Metro 2040 Distributed Forecast.

- The Metro 2040 forecast projected Forest Grove growing from an estimated 8,432 households in 2015 to an estimated 13,190 households by 2040. This is a growth rate of 1.81% over that period.

The following figure presents historical growth in households from 2000, and projected growth based on the Metro 2040 forecast. The forecast extends over the 20-year period of this analysis, to 2038. In addition to the forecasted growth rate of 1.81%, the figures presents a range of potential growth scenarios, assuming that the annual growth rate may end up being 15% higher or lower than the forecast. These forecasts arrive at a range of 11,515 to 12,876 households by 2038.

Figure 3.10: Forest Grove Forecasted Household Growth: 2000 and 2038



Source: Metro 2040 Distributed Forecast, Johnson Economics

Impact on Forest Grove:

The forecasted growth rate of 1.81% would represent an acceleration of the growth rate over recent years. Household growth is an important driver of economic activity including in the construction, services and shopping sectors. Forest Grove can anticipate continued growth and the need to serve more of the needs of households locally, rather than traveling for daily needs.

Anticipated Demographic Shifts

Aging of the Workforce: The aging of the Baby Boomers into their retirement years will perhaps be the greatest challenge to the U.S. economy over the planning period. By 2035 the share of the population age 65 and older will balloon to 21 percent, up from 14.5 percent today. The effects of this condition will be a decline in labor force participation, an increase in federal liability for health care services, and an increased need for replacement workers.

Millennial Generation: Millennials are now the largest demographic segment in the United States, comprising 27% of all residents and an even greater share of net-migrants. Leading into and during the Great Recession, this cohort faced a woeful labor market. Many opted to enter or continue post-secondary education, at which point the college enrollment rate for 18-24 year olds rose from 37 to 42 percent. The younger cohorts moving to the Portland Metro area tend to have higher educational attainment on average than existing residents, supporting a high-skilled workforce.

Labor Force Participation: The aging of the labor force as well as generational preferences are putting downward pressure on the labor force participation (LFP) rate. This rate measures the share of the working age population that is employed or is actively seeking work. In 2016 Oregon's rate of 63% was rebounding somewhat after hitting the lowest level on record in 2015. The "participation gap" is the difference between actual LFP and where LFP should be given underlying demographics. Currently this gap remains large despite the economic recovery, structurally reducing potential employment in the economy.

Immigrant Labor: Currently, the national political climate is shifting to the detriment of immigration of both low- and high-skilled workers from foreign countries. Increased enforcement and unwelcoming rhetoric has reduced migration from Latin America over the past year, and created trepidation and uncertainty among some current residents about their status in this country. In addition, there is currently discussion of reducing or restricting visa programs for highly skilled workers of the type used in many high tech industries.

Impact on Forest Grove:

Companies in Forest Grove may have increasing difficulty finding trained labor due to the aging of the workforce and falling labor force participation. Good migration will be necessary to meet future needs of local industries. Difficulty finding labor may accelerate investments in capital to replace labor. The economy overall is at greater risk of performing below potential.

Reduced migration may have an outsized impact on Washington County due to the importance of both agriculture and the high tech sector. The scale and impacts of measures to reduce immigration have yet to be determined, and may prove temporary, if reversed by future administrations.

Washington County, including Forest Grove has the benefit of attracting younger households, and offering high tech industries that offer good jobs to high skilled workers and those with the most up-to-date education. For these reasons, the county should remain an attractive destination for younger workers who can help counteract these trends. Forest Grove also has the benefit of a local university that provides a steady stream of young educated workers who can be recruited to remain in the community.

Household Migration

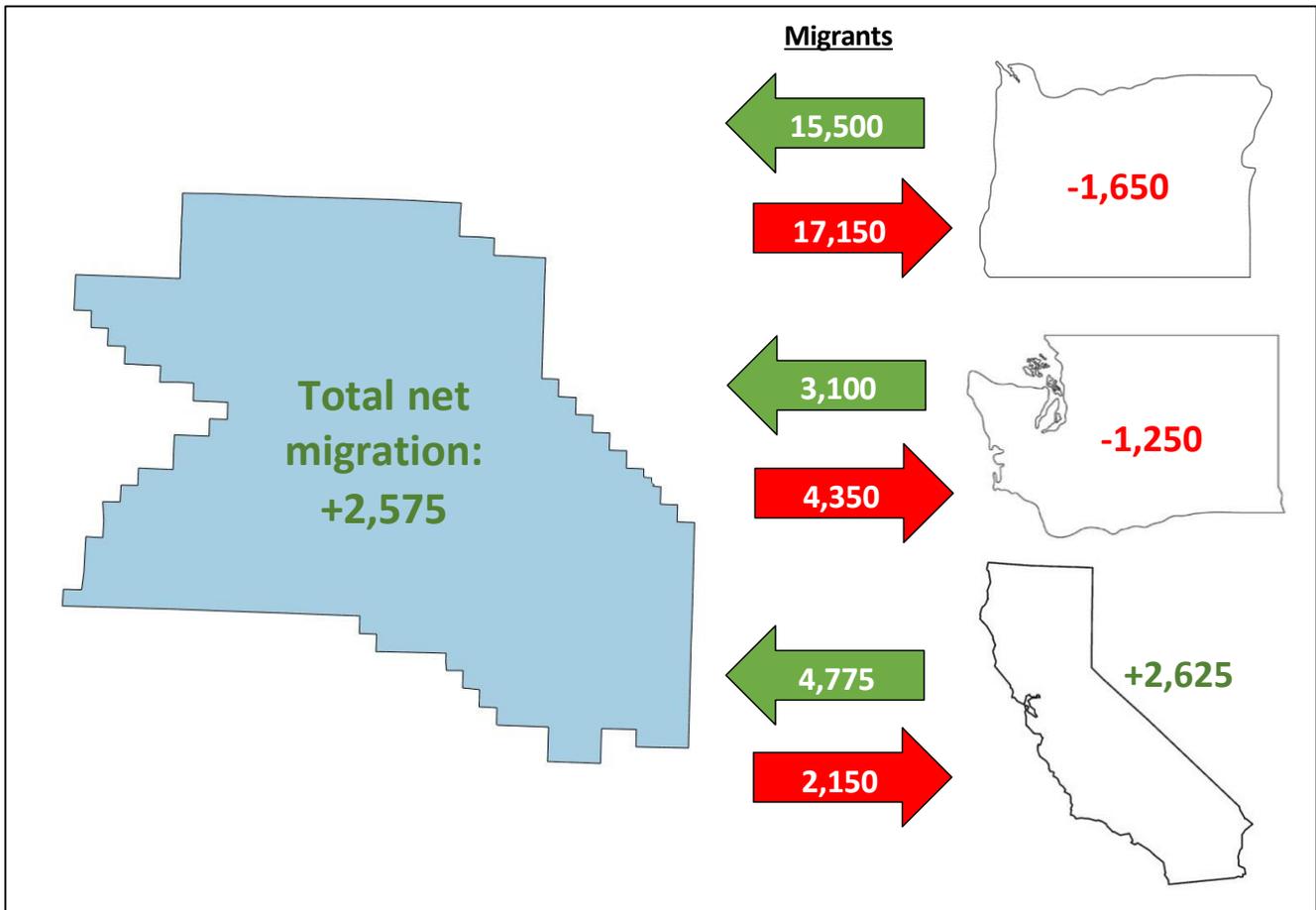
The Portland Metro area is a magnet for migrants from other major markets and abroad, with most new residents landing in Multnomah or Washington Counties to begin their new lives. However, many residents eventually transition to outlying cities.

Since 2010, Washington County has accounted for 35 percent of new migrants to the region and over 17 percent of all net-new migrants to the state of Oregon.

In the most recent migration data available from the IRS (2015-2016), Washington County saw a net population gain from Multnomah County, but a net population loss to Clackamas, Clark and Yamhill Counties. In fact, more people move out of Washington County to other places in Oregon and Washington State, than migrate from those areas (see following figure). The county does however see a strong influx of migrants from Benton and Lane Counties, likely driven by graduating students of the major state universities.

Net positive migration in recent years is attributable to migrants from other states and abroad. California is the largest contributor of new residents, followed by Arizona, Texas, and Nevada.

Figure 3.11: Washington County Migration Flows: 2015 - 2016

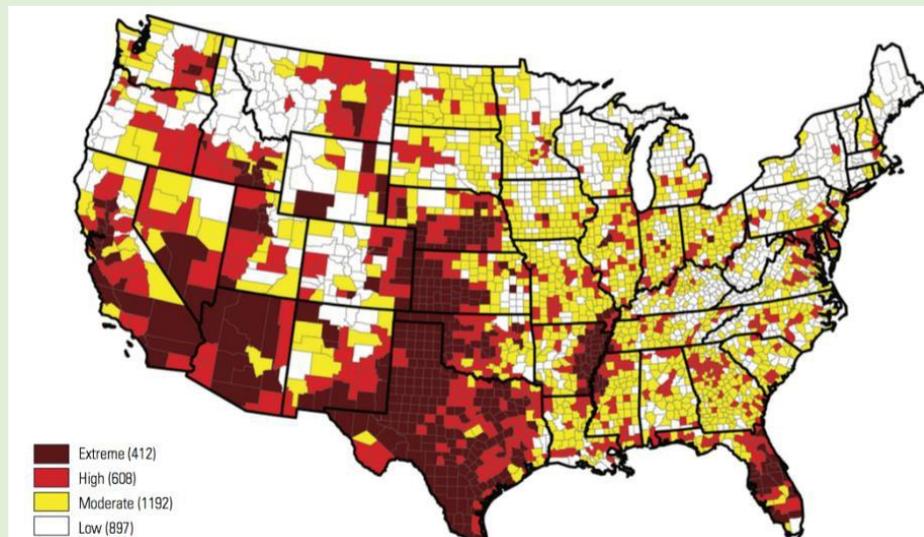


Source: Internal Revenue Service, Johnson Economics

The Pacific Northwest: A Climate Refuge?

Continued in-migration from other states will maintain sustained growth in population and labor force locally. Long-term, an acceleration of net-migration rates is increasingly likely in the context of water resource constraints in the U.S South and Southwest. The Pacific Northwest, and more specifically the Willamette Valley is among the only regions in the United States with an overall low risk of future water resource constraints. The ability of population centers in the South and Southwest to accommodate projected population growth and maintain livability standards is questionable, with proximate high resource areas like Oregon being a likely outlet to accommodate future growth.

Water Supply Sustainability Risk, 2010 through 2050



Source: Natural Resource Defense Council (2010)

Impact on Forest Grove:

A history of strong net-migration coupled with a rosy outlook is indicative that migration-driven population growth is likely to continue throughout the planning period. This is a positive sign for industries that derive a significant share of their support from the local population base. This includes health care, retail, food services, education, financial services, housing construction, and most of the other services sector.

Multnomah County has also exhibited a doubling of its migration rate in recent years. Given the systematic relationship of flows from Multnomah to Washington County, Forest Grove may be due for a stronger influx of inter-region migrants over the next five years.

IV. LOCAL EMPLOYMENT & TARGET INDUSTRIES

Sound economies are often organized around a healthy set of industry clusters—similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, and encourage entrepreneurship. In his pioneering book “The Competitive Advantage of Nations”, Harvard Professor Michael Porter defines clusters as “geographic concentrations of inter-connected companies and institutions working in a common industry”. As an economic development strategy, specific clusters are targeted, and emerge, when a particular geography holds an innate competitive advantage in that industry—whether it is natural resources, human capital, political policies, or geography. For example, Oregon’s oldest industries—namely forestry and agriculture, emerged from physical and environmental attributes and access to shipping and distribution networks. In turn, these industries spawned interrelated clusters that include Food Processing & Manufacturing, Wood Product Manufacturing, Wholesale & Distribution, Machinery Manufacturing, and host of other industries.

With shared ideas, concepts, and competition, knowledge spill-over within clusters encourages secondary effects—innovation, the creation of start-ups and spin-off industries, and opportunities for suppliers, manufacturers, and customers. In turn, effects from job creation and wages support tertiary effects such as retail, services, construction, housing and institutional industries.

In light of the baseline economic analysis above, Johnson Economics reviewed Oregon Employment Department ES-202 employment data for the City of Forest Grove to determine industries and industry clusters in which the local economy is both regionally competitive and/or has growth potential. We have identified industry clusters with an existing competitive presence in Forest Grove and potentially emerging clusters. Identified targeted industries are evaluated in greater detail below.

Local Employment Trends

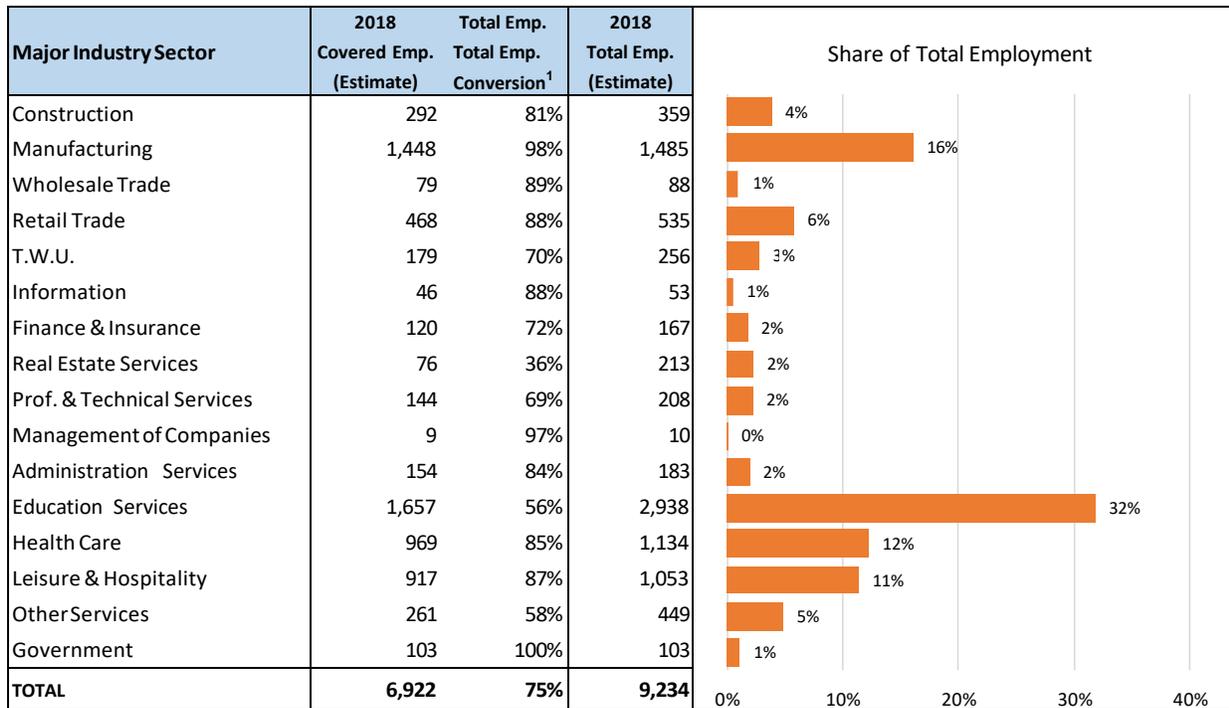
In 2018, Forest Grove has an estimated 9,250 local jobs across a range of industries. Employment is estimated based on 2016 QCEW data from the State of Oregon. This data includes “covered employment”, or jobs with covered wages, subject to unemployment insurance benefits. This is combined with an estimate of the “non-covered employment” which includes self-employed people, many small business owners, LLC partners, and other cases. (Methodology is further discussed in Section V of this report.) Forest Grove represent 3% of employment in Washington County, which is close but slightly less than the 4% share of the county population who live in the community.

Employment Growth: Employment levels in Forest Grove have been remarkably stable since 2000, according to US Census and BEA data. While the specific firms, and employment by industry have shifted, the overall number of jobs grew just 5% over the period from 2002 – 2015 (the largest span available from this Census data set). This is an annual growth rate of 0.4% in jobs, compared to a population growth rate of roughly 1.5% over this period. This average rate was greatly impacted by the recession and economic downturn in the 2008-2010 period.

Since peaking previously in 2007, employment fell sharply during the recession in keeping with national trends. After bottoming in 2010, local employment has rebounded by an estimated 11%, and surpassed the previous peak in 2015.

Figure 4.1 presents the estimated employment profile in Forest Grove by industry sector. The largest sectors by employment share are private education services, manufacturing, health care, and leisure and hospitality (food service and tourism).

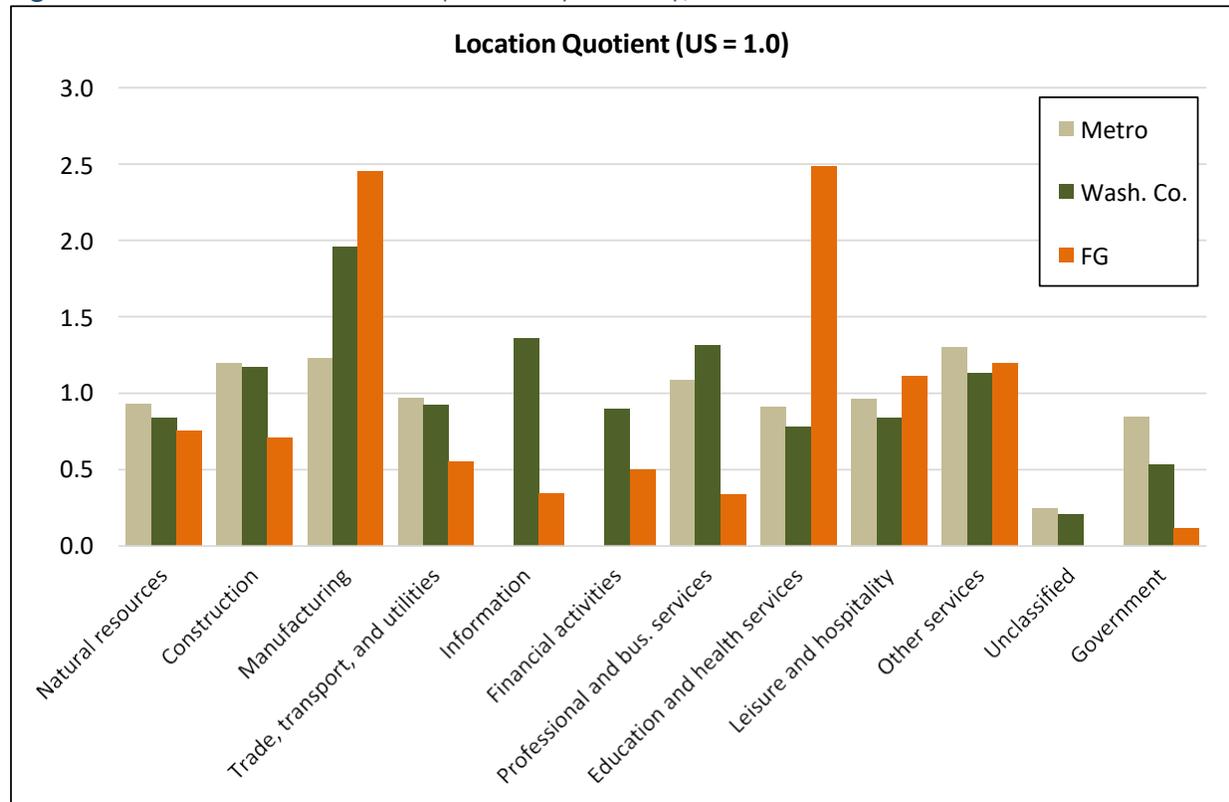
Figure 4.1: Forest Grove Estimated Employment by Industry, 2018



¹ Bureau of Economic Analysis. Calculated as a five-year average between 2012 and 2016

Source: Oregon Employment Department, Johnson Economics

Figure 4.2: Location Quotient Comparison by Industry, 2018



Source: Bureau of Labor Statistics, Oregon Employment Department, Johnson Economics

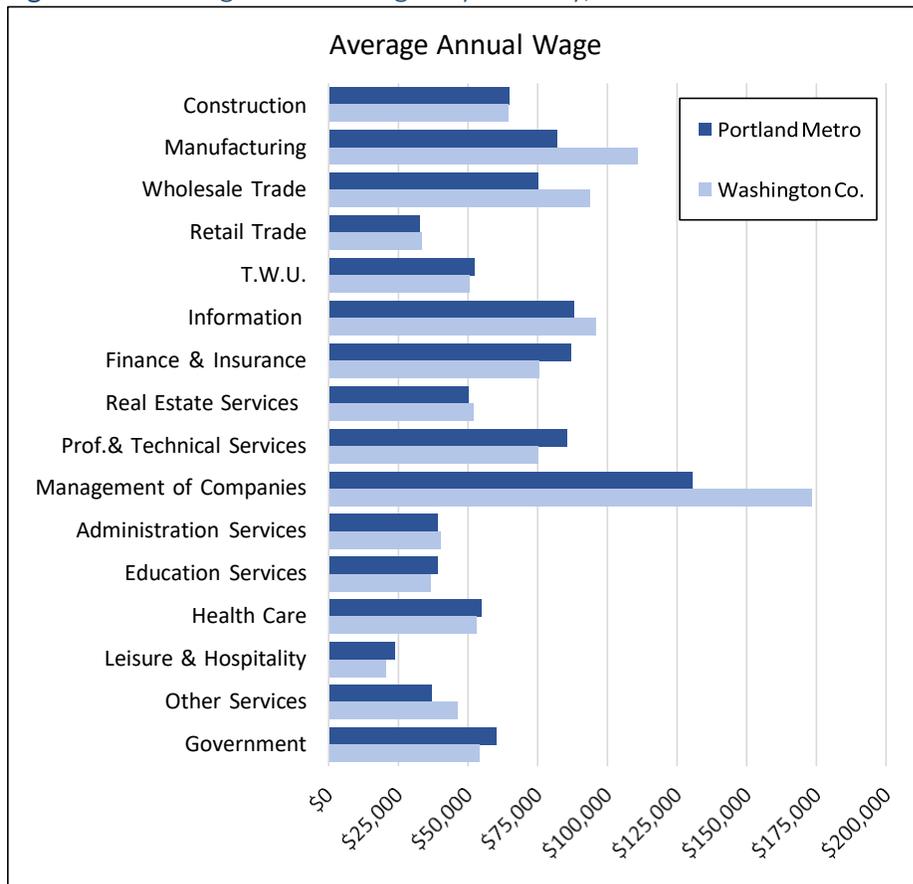
Location Quotient: Figure 4.2 (previous page) presents a comparison of “location quotient” (LQ) of various industry categories. LQ presents a measure of the prevalence of a given industry in a smaller geography, in comparison to how prevalent that industry is nationally. LQ is an indicator of what sectors may be particularly strong or weak in a given locality.

All industry categories are assumed to have a quotient of 1.0 on the national level, and a locality’s quotient indicates if the local share of employment in a given industry is greater or less than the share seen nationwide. For instance, a quotient of 2.0 indicates that locally, that industry represents twice the share of total employment as seen nationwide. A quotient of 0.5 indicates that the local industry has half the expected employment.

As Figure 4.2 shows, Forest Grove currently enjoys a greater share of employment in manufacturing and education and health, in comparison to the county, metro, or national level. Employment in these sectors are 2.5 times higher than the national average. Forest Grove also experiences a higher share of jobs in leisure and hospitality, with an LQ of 1.25. In most other categories, Forest Grove has a lower share of employment than the comparisons.

Average Wages: Figure 4.3 shows the average wages in the Portland Metro area and Washington County by industry sector.

Figure 4.3: Average Annual Wages by Industry, 2017



Source: Oregon Employment Department, Johnson Economics

The manufacturing sector which is prominent in Forest Grove enjoys some of the higher average wages among industries, and particularly in Washington County. It should be noted that some of the Washington County averages are likely higher due to the presence of major companies such as Intel and Nike in other parts of the county. Other prevalent industries such as education, health care, and tourism tend to support lower average wages.

Employment Concentrations: Figure 4.4 shows the general concentration of employment in Forest Grove. Most is located between the eastern City boundary, and the Downtown/Pacific University area to the west. Employment tends to be concentrated along the Pacific Avenue axis.

Figure 4.4: Employment Concentrations, 2015



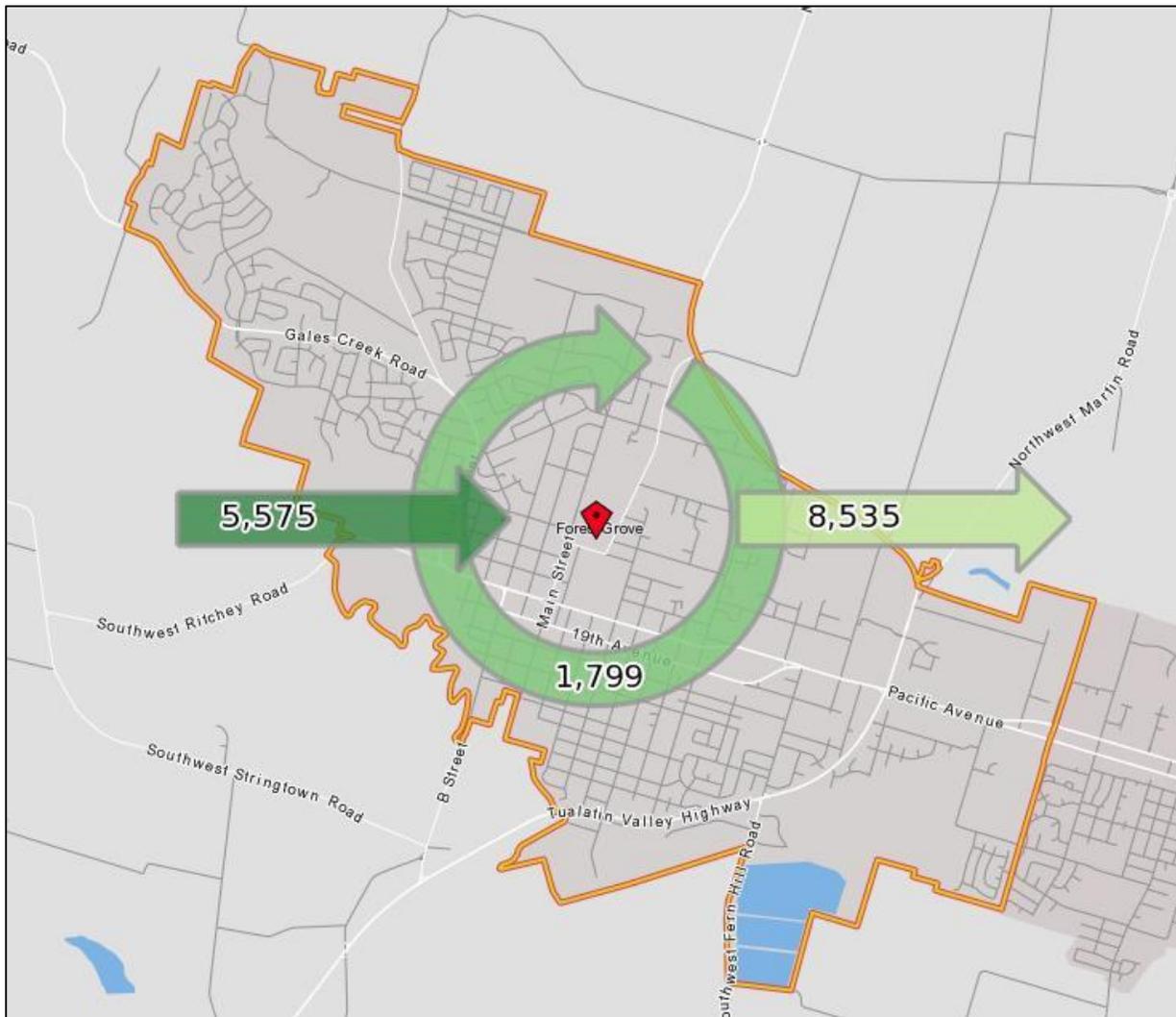
Source: US Census, Johnson Economics

Commuting Patterns: Most employed residents commute out of Forest Grove for employment. This is a pattern that is common to many communities, particularly in an interconnected metropolitan area. Of local jobs, an estimated 24% are held by local residents, while 76% are held by others who commute into

the area. An estimated 83% of local residents who are employed, commute elsewhere.

(The employment totals shown in Figure 4.5 are from a different data set and do not match the employment estimates presented in Figure 4.1. They are presented here to demonstrate the overall pattern.)

Figure 4.5: Commuting Patterns, 2015



Source: US Census, Johnson Economics

* * *

Target Industry Clusters

This section discusses potential target industries for Forest Grove based on the community's historical strengths and advantages, as well as its established economic development goals. These are industries where Forest Grove might focus efforts to grow local business and attract new businesses.

Agriculture/Value-Add Food Products

The proximity of Forest Grove to high quality farmland and the City's quality water supply has created opportunities for growth in food processing and specialty agriculture products. The city already has an existing economic base in food processing (Lieb Foods, Chaucer Foods, Old Trapper, New Seasons Foods), nursery & tree products (Hines Nursery, EF Nursery), and specialty beverages (Sake One, McMenamins, wineries). The agriculture and food processing cluster in Forest Grove has continued to experience solid growth over the last few years, with most major companies adding to their workforce. State employment data indicate that the sector has added roughly 150 employees locally since the recovery took hold in 2013, job growth of nearly 75%. Moreover the nature of Forest Grove's specialty products—breweries, wineries, distilleries, etc. is closely related with leisure & tourism in the region.



Cluster Strengths

- Proximity to high-quality farmland and water supply.
- Existing food processing industry with workforce expertise.
- Has the ability to support a growing tourism industry.
- Geographic access to export markets.
- Certainty of long-term agricultural land supply with designation of rural reserves near Forest Grove.

Cluster Challenges

- Over time, the continued urbanization of Washington County will reduce agricultural growth on the margin.
- Declining food prices and rising input costs.
- Potential restrictions on immigrant labor workforce.

Tourism & Winery Development

The wine industry in Oregon is expected to continue its accelerated growth trend exhibited in recent decades. Since 2000, the number of vineyards in Oregon has more than doubled from under 500, to nearly 1,100. Meanwhile, the number of wineries has quadrupled from roughly 140 to over 700.

Oregon's wine industry growth is largely attributed to growing worldwide popularity and increased market share of Pinot Noir. Oregon's climate is ideal for cultivating the Pinot Noir grape, which began in the Forest Grove area. Pinot grapes account for 65% of Oregon production. Forest Grove has the opportunity to become the center for wine based tourism in North Willamette Valley wine country, and enjoys better accessibility from much of the metro region, in comparison to Yamhill County.



The City of Forest Grove has undertaken efforts to “brand” the city, giving it a regional identity. The concept of Forest Grove as a “Gateway to Wine Country” is a popular option, facilitated both by Forest Grove’s proximity to the metro area and by abundant outdoor recreation activities. The Washington County Visitors Association (WCVA) actively promotes the local wine industry. In the past, Forest Grove has been discussed as the location for a “North Willamette Valley Wine Center”, which could feature tasting facilities for regional wine makers, lodging, and convention center, perhaps in partnership with the McMenamins Grand Lodge or winery property.

The development of a winery based tourism industry is supportive to other industries as well. For example, agri-tourism typically attracts a relatively affluent patronage that is likely to support higher-end restaurants and shops, enhancing the urban amenities and livability of the community.

Cluster Strengths

- Geographic position near the Chehalem Mountain and Ribbon Ridge American Viticulture Areas, and outdoor recreation opportunities.
- An attractive downtown core, including Pacific University.
- Regionally drawing amenities such as Grand Lodge, Fern Hill Wetlands, Scoggins Valley Park/Henry Hagg Lake.
- Cluster development would provide tertiary benefits to other industries.
- Local wineries are currently small in scale, leaving high growth potential.

Cluster Challenges

- Limited connectedness between winery locations and downtown.
- Need to continue to build awareness as a wine country gateway.
- Regional competitiveness with other Willamette Valley wine districts.
- Wineries have noted that the permitting process in Washington County is difficult and convoluted, a competitive disadvantage relative to other wine counties.

Education

In addition to an attractive sense of community, Forest Grove's livability is accentuated by its quality public school system. Increasingly considered a livable bedroom community, Pacific University and the public schools form one of the largest employment sectors in Forest Grove.



While employment in public education can be expected to grow commensurately with family households in the region, broader growth in the education sector will be born out of Pacific University. Over the last decade, the school has been in an expansionary phase. In 2005 the school complete an \$11 million LEED certified library, and new residence halls were completed in 2006 and 2008. In spring 2008, the University completed Berglund Hall, which now houses the School of Education. As of 2016, the Forest Grove campus had 2,400 undergraduate and graduate students on site, along with 720 faculty and staff. The university plans to grow enrollment at the local campus to 2,800 students and 900 employees by 2030. Pacific University will continue to be a key cornerstone of the community in terms of residents, employment, and cultural activities and land use.

Cluster Strengths

- Population and enrollment growth on the horizon.
- Pacific University is an attractive asset to the Downtown Core.
- Potential to foster greater connections and partnerships with the university.

Cluster Challenges

- Perceptions within the community of limited partnerships between Pacific University and Forest Grove at large.
- Volatility in public school funding.

Retirement Services

Largely the result of the general livability of the area and small-town community atmosphere, Forest Grove has an existing retirement aged population base far exceeding most jurisdictions in Washington County. According to the Census, the percent of the population age 65 and older is higher in Forest Grove than in Washington County as a whole (12.5% vs. 10%). Moreover, four of the City's top 25 employers are nursing care or elderly home facilities. Forest Grove's composition of employment in Nursing and Residential Care Facilities is nearly three times the national average.



In addition to direct retirement care services, roughly 23% of the City's population is aged 55 and older. These households provide broad support for leisure and financial activities in the local economy. Over the next five years, the retirement age household population is expected to continue to grow in Forest Grove as the large Baby Boomer

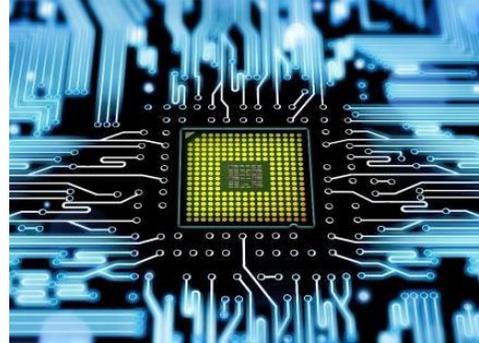
generation continues to reach retirement. The city's pastoral setting, approachable size, local university, tourism attractions all within access of the larger Metro area will continue to make it attractive to retirees.

Cluster Strengths

- Livability and leisure activities
- Favorable demographics
- National growth in retirement segments, met by insufficient facilities

High-Tech

In 1980, Tektronix moved its circuit board manufacturing plant to a site in Forest Grove and high-tech has played a major role in the local economy ever since. The Tektronix operation, later becoming Merix and now TTM Technologies, has grown to become among the top three circuit board manufacturers in the United States and remains the largest employer in Forest Grove by a sizable margin. Additionally, Westak of Oregon is another circuit board manufacturer in the top ten list of employers in Forest Grove. The concentration of employment in High-Tech in Forest Grove is better than 15 times the national average.



While circuit board manufacturing is a significant part of the existing economy, its share of growth on the margin is not likely to be high. Rather, marginal high-tech growth is likely to be derived out of the firms that are connected to the cluster of high-tech industries centered in Hillsboro. Forest Grove's livability in addition to utility rates makes it an attractive location to capture economic spillover from Hillsboro's on-going development and economic growth in semiconductor and solar component manufacturing.

Cluster Strengths

- Proximity to Oregon's largest High-Tech manufacturing center.
- Existing major High-Tech employers in Forest Grove.

Cluster Challenges

- Forest Grove's workforce composition does not match the needs of High-Tech firms.
- Uncertainty with respect to the future cost of utilities have limited industrial marketability of Forest Grove.
- Lack of direct transportation connections to the north Hillsboro employment area.

Comparison of Target Industries

The target industries presented here offer different advantages and challenges in terms of overall job growth, average wages and competitive advantages. The following table shows the relative performance of these industry categories between 2010 and 2016 based on QCEW data from the city of Forest Grove.

- In terms of total job creation, the tourism "accommodation and food service" category gained the most employment during this time and is forecasted to continue growing in our region. Tourism-

related jobs are generally fairly low-paying, but provide an important base of opportunity for part-time workers, low-skilled and first-time workers.

- Manufacturing of food and agricultural products also experienced rapid growth and offers solid middle-class wages. Employment in this category grew by a very strong 80% between 2010 and 2016.
- Durable goods manufacturing including high-tech and electronics manufacturing is estimated to have lost some employment during this period, but remains a source of well-paying jobs. This industry is expected to continue to grow and Forest Grove maintains the ability to attract these firms as part of the greater Washington County high-tech area.
- Educational services added a strong number of jobs, though it was lower in terms of percentage growth. Average wages in this category are high, and this is forecasted to remain a solid source of good local jobs.
- Health care and social services, including retirement services, saw modest relative growth in jobs. Wages in this category are lower than in manufacturing, but higher than tourism-related jobs. Given the aging of the population, it is forecasted that health care and retirement communities will continue to be a growth industry for many decades.

Figure 4.6: Recent Performance of Target Industry Sectors (2010 – 2016)

Naics Code (2 Digits)	Industry Sector	Job Growth 2010 - 2016 ¹		Average Annual Wage	Forecasted Growth Rate ²
<u>Manufacturing Categories</u>					
31	Food Product, Textiles, Leather, Apparel	152	80%	\$43,097	2.1%
32	Wood, Paper, Packaging, Chemicals, Plastics	49	29%	\$46,580	-0.7%
33	Metal, Machinery, Electronics, Equipment Misc.	-194	-19%	\$47,506	0.7%
61	Educational Services	119	8%	\$54,488	1.5%
62	Health Care and Social Assistance	20	2%	\$31,952	1.8%
71	Arts, Entertainment, and Recreation	-31	-48%	\$16,357	1.5%
72	Accommodation and Food Services	181	32%	\$18,668	1.8%

¹ Estimates of Covered Employment based on QCEW data from 2010 and 2016.

² Employment forecasts are from Oregon Employment Department, for Wash. & Mult. Counties, 2014-2024

Source: Oregon Employment Department, Johnson Economics

Each of the industries presented here are a compelling target for future employment and economic development activity, either because Forest Grove already enjoys a competitive advantage, or because the quality of jobs (as in high tech) make it an attractive target for continued focus.

V. FORECAST OF EMPLOYMENT & LAND NEED

Introduction

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typical begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates.

This analysis produces estimates of employment growth by broad industry sector. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated to two-digit NAICS sectors. Estimates in this analysis are intended for long-range land planning purposes, and are not designed to predict or respond to business cycle fluctuation. OAR 660-024-0040(1) specifically acknowledges the less certain nature of long-range planning forecasts:

“The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision.”

The projections in this analysis are built on an estimate of employment in 2018, the commencement year for the planning period. Employment growth will come as the result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth, as well as consideration of third-party estimates from both public and private sources.

Long-range forecasts typically rely on a macroeconomic context for growth. Inflections in business cycles or the impact of a major shift in employment (i.e. a major unknown recruitment) are not considered.

Overview of Methodology

Updating the Base Year

The first analytical step of the analysis is to update covered employment to the 2018 base year. Our foundational Forest Grove specific QCEW dataset provides covered employment by industry through 2016. To update these estimates, we use observed industry growth rates for Washington County between 2015 and 2017 (summary level county employment data is released on more timely basis than place level detailed data).

Conversion to Total Employment

The second step in the analysis is to convert “covered”⁴ employment to “total” employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. In Washington County, non-covered workers have averaged 16% of the employment base over the last five years. The differential is obviously most common

⁴ The Department of Labor’s Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are “covered” by unemployment insurance.

in real estate, where commissioned workers comprise an unusually large share of jobs. Taken together, the assumed 2018 total employment base for Forest Grove is 9,262 jobs.

Figure 5.1: Conversion of Covered to Total Employment

Major Industry Sector	2016 Employment ¹	'15-'17 Annual County Δ ²	2018 Update	Total Emp. Conversion ³	2018 Estimate
Construction	184	13.0%	235	81%	289
Manufacturing	1,392	0.9%	1,417	98%	1,453
Wholesale Trade	75	11.6%	93	89%	105
Retail Trade	453	4.2%	492	88%	562
Transport., Warehouseing, Utilites	148	4.2%	161	70%	230
Information	28	18.7%	39	88%	45
Finance & Insurance	119	3.0%	126	72%	176
Real Estate Services	65	3.3%	69	36%	193
Professional & Technical Services	131	-2.0%	126	69%	182
Management of Companies	8	-4.0%	7	97%	8
Administration Services	168	2.5%	177	84%	210
Education Services	1,593	3.3%	1,698	56%	3,012
Health Care	925	1.0%	943	85%	1,104
Leisure & Hospitality	779	6.9%	891	87%	1,023
Other Services	241	4.1%	261	58%	449
Government	217	1.1%	222	100%	222
TOTAL	6,526	3.3%	6,958	75%	9,262

1 2016 Quarterly Census of Employment and Wages (QCEW), Oregon Employment Department

2 Oregon Employment Department, Washington County. Inputed at lowest NAICS and aggregated to sectors

3 Bureau of Economic Analysis. Calculated as a five-year average between 2012 and 2016

Source: Oregon Employment Department, Johnson Economics

Scenario 1: Safe Harbor Forecast

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods. The most applicable for Forest Grove is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department (OED). This method applies industry specific growth rates for the Portland Metro Workforce Region (Washington and Multnomah County) to the 2018 Forest Grove base.

The most recent OED forecasts for the Portland Metro area cover the period of 2014 to 2024. This analysis calculates the average annual growth rate for each industry sector from this forecast, and then applies this annual growth rate to the 20-year planning period. This method results in an average annual growth rate of 1.3%, with total job growth of 2,665 jobs. This results in nearly 12,000 local jobs by 2038.

(The alternative Safe Harbor option [660-024-0040(9)(a)(B)] would utilize the population growth rate the City's most recent 20-year coordinated population forecast, and apply this rate to employment as well. The forecasted population growth rate from the Metro 2040 population forecast is a higher 1.7% per year. Because this method is less precise than applying industry-by-industry growth rates, for first method is used here.)

Figure 5.2: Summary of Safe Harbor Forecast

Industry	20-Year Forecast					2018 - 2038	
	2018	2023	2028	2033	2038	#	AAGR
Construction	289	321	356	396	440	151	2.1%
Manufacturing	1,453	1,507	1,563	1,621	1,681	228	0.7%
Wholesale Trade	105	112	119	126	134	29	1.2%
Retail Trade	562	601	642	686	733	171	1.3%
Transport., Warehouseing, Utilites	230	242	254	267	281	51	1.0%
Information	45	47	50	53	57	12	1.2%
Finance & Insurance	176	182	188	195	202	26	0.7%
Real Estate	193	197	201	206	210	17	0.4%
Professional & Technical Services	182	206	232	262	296	114	2.4%
Management of Companies	8	9	10	11	12	5	2.5%
Administration Services	210	229	251	274	299	89	1.8%
Education	3,012	3,179	3,356	3,542	3,739	727	1.1%
Health Care	1,104	1,209	1,324	1,450	1,588	484	1.8%
Leisure & Hospitality	1,023	1,116	1,218	1,330	1,451	429	1.8%
Other Services	449	477	507	538	571	122	1.2%
Government	222	225	227	230	233	12	0.3%
TOTAL	9,262	9,858	10,499	11,187	11,928	2,665	1.3%

Source: Oregon Employment Department, Johnson Economics

In the years after the recession of 2007-2009, it has been customary for employment forecasts in Economic Opportunities Analyses to consider refill rates of the vacant real estate, left by job losses and economic decline. However, in the current environment, employment levels have returned to their pre-recession levels and real estate vacancies are below market equilibrium. Therefore, refill was not considered in all scenarios presented in this analysis.

Scenario 2: Transportation Area Zone Forecast (Metro)

Forest Grove and other metro-area jurisdictions work with Metro to update long-range forecasts of employment and housing by Transportation Area Zone (TAZ). The latest estimates were finalized in mid-2016, in the Metro 2040 Distributed Forecast. This forecast projected an average annual job growth of 1.51% in Forest Grove over the 2015 to 2040 period.

Beginning with the allocation of employment growth by industry specified in the Safe Harbor Forecast, Johnson Economics developed a TAZ-based forecast scenario reflecting Metro's projected rate of job growth in Forest Grove.

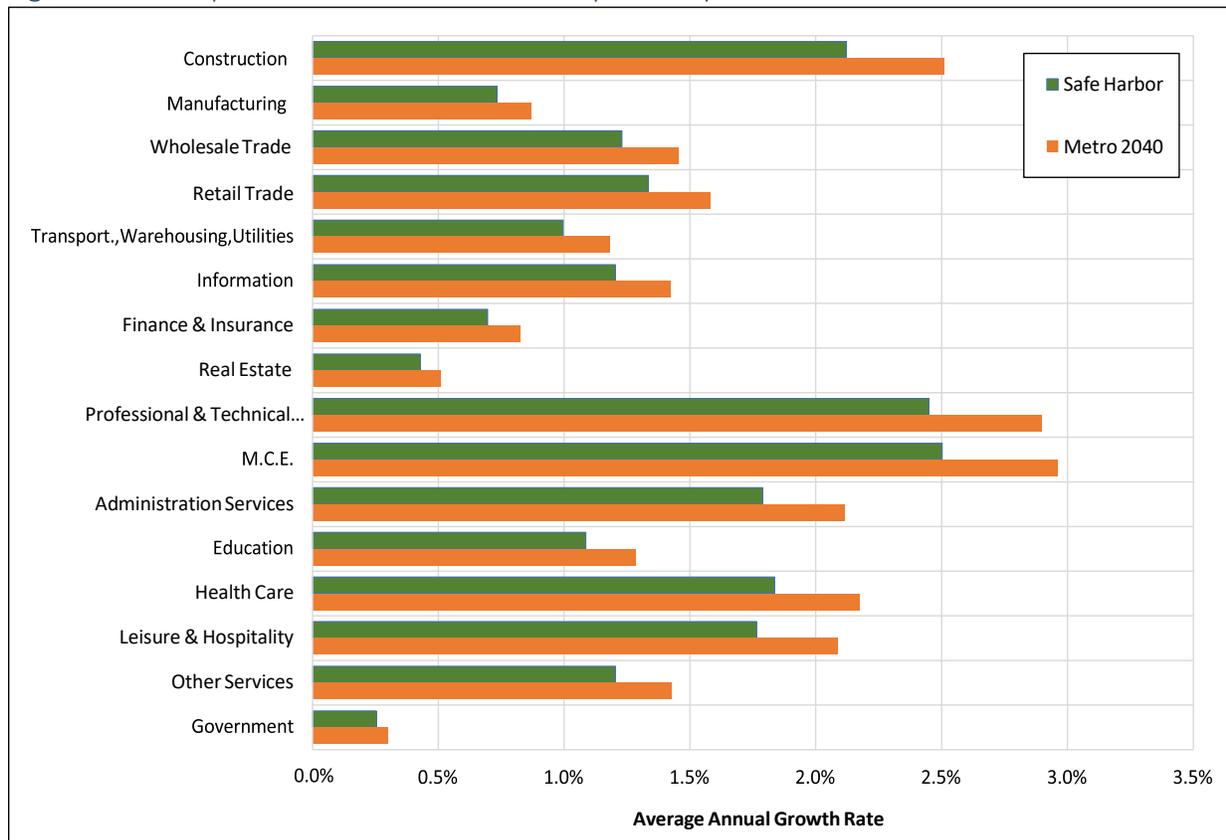
This approach yields average annual growth of 1.5% over the planning period and the creation of 3,237 jobs. Strong growth in education, health care and tourist sectors is forecasted. Manufacturing, construction, and retail are secondary growth sectors.

Figure 5.3: Summary of TAZ Based Forecast

Industry	20-Year Forecast					2018 - 2038	
	2018	2023	2028	2033	2038	#	AAGR
Construction	289	327	370	419	474	185	2.5%
Manufacturing	1,453	1,517	1,584	1,654	1,727	274	0.9%
Wholesale Trade	105	113	122	131	140	35	1.5%
Retail Trade	562	608	658	711	769	207	1.6%
Transport., Warehouseing, Utilities	230	244	259	274	291	61	1.2%
Information	45	48	51	55	59	15	1.4%
Finance & Insurance	176	183	191	199	207	31	0.8%
Real Estate	193	198	203	208	214	21	0.5%
Professional & Technical Services	182	210	243	280	323	140	2.9%
Management of Companies	8	9	10	12	14	6	3.0%
Administration Services	210	233	259	287	319	109	2.1%
Education	3,012	3,211	3,422	3,648	3,888	876	1.3%
Health Care	1,104	1,229	1,368	1,523	1,696	592	2.2%
Leisure & Hospitality	1,023	1,134	1,257	1,394	1,546	523	2.1%
Other Services	449	482	518	556	596	147	1.4%
Government	222	225	229	232	236	14	0.3%
TOTAL	9,262	9,971	10,743	11,583	12,499	3,237	1.5%

Source: Metro, Johnson Economics

Figure 5.4: Comparison of Growth Scenarios by Industry



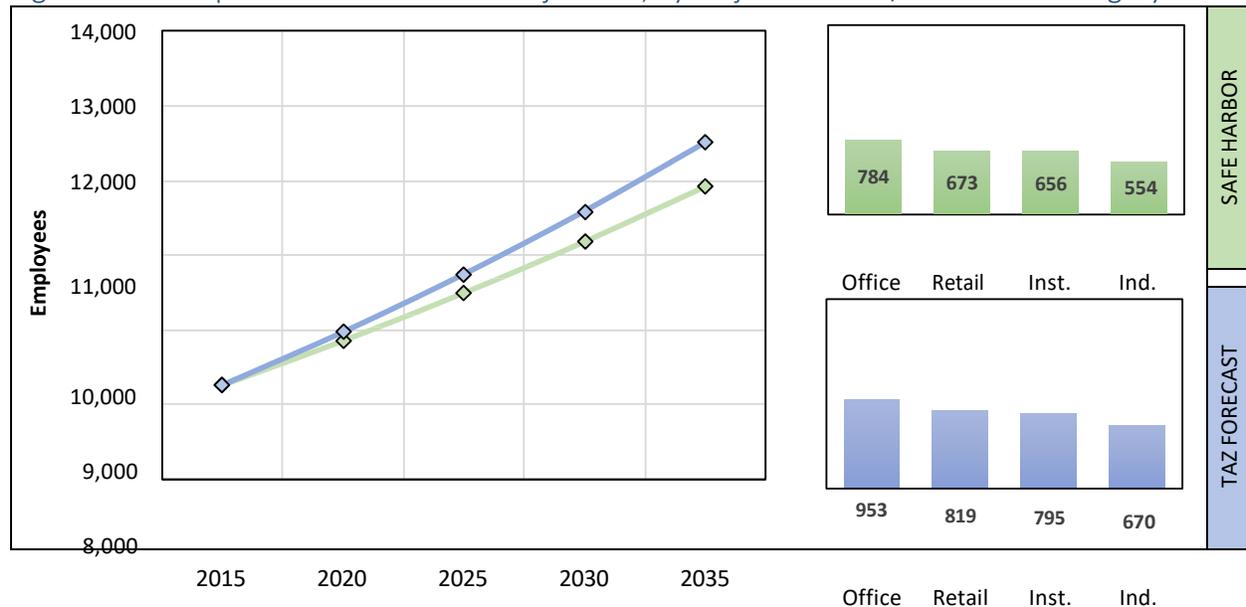
Source: Oregon Employment Department, Metro, Johnson Economics

Summary of Employment Growth Scenarios

The two forecast scenarios in this analysis range from 1.3% average annual growth to 1.5%. 20-year job growth estimates range from 2,665 to 3,237 jobs.

Figure 5.5 presents the job growth projections considering the rates at which different sectors utilize varying space/land typologies (Office, Retail, Institutional, & Industrial). This aggregation was developed consistent with methods outlined in the 2014 Urban Growth Report. The results show the greatest number of new jobs in office-using industries, followed by retail, institutional, and industrial. These projections are converted into the need for specific real estate categories and land use categories in the following section.

Figure 5.5: Comparison of Job Growth Projections, by Major Land Use/Real Estate Category



Source: Oregon Employment Department, Metro, Johnson Economics

Figure 5.6 below, shows how the projected job growth sectors relate to the City’s industry clusters.

Figure 5.6: Comparison of Job Growth Sector with Forest Grove’s Industry Clusters

Job Growth Sectors	Industry Clusters
Office	Health Care, Education, Retirement Services (Financial Services)
Retail	Tourism, Retirement Services (Leisure & Hospitality)
Institutional	Education, Health Care
Industrial	Manufacturing, Value Added Farm Products, High Tech

The estimates in the preceding analysis are useful in creating a baseline understanding of macroeconomic growth prospects. They are common and broadly accepted approaches when looking at large geographic regions. This approach is similar to the methodology used to produce the employment forecasts in Metro’s Urban Growth Report and estimates for state budgeting purposes.

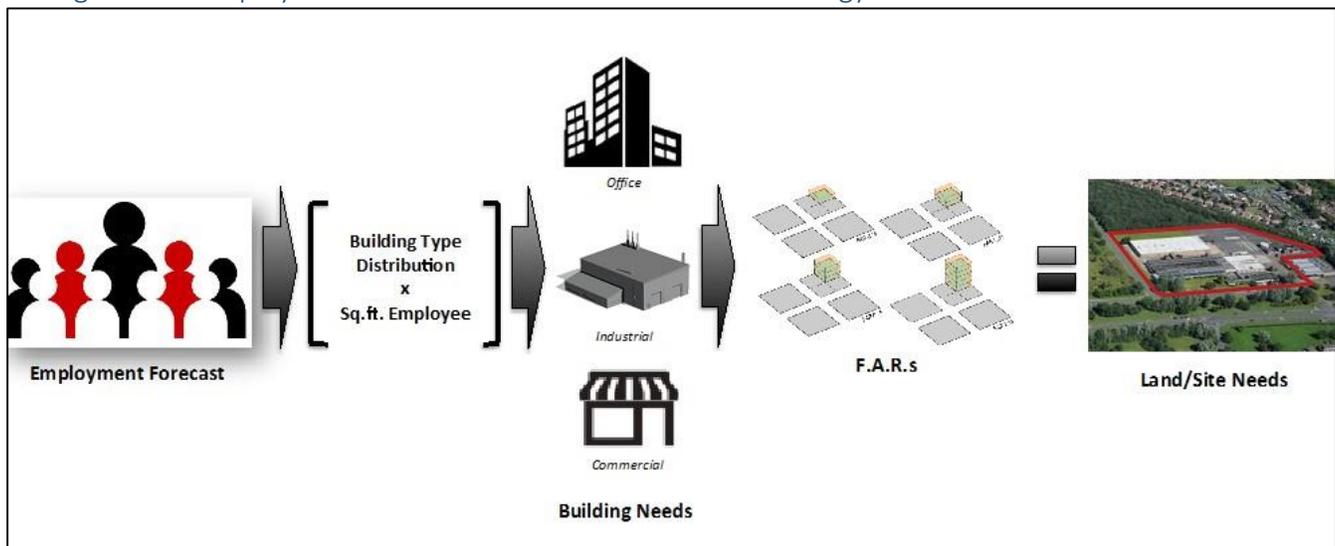
Forecasts grounded in broad-based economic variables cannot account for all of the realities of local businesses and trends among evolving industries. Industries continually evolve and new products and businesses arise, with changing real estate and land use needs. There is always uncertainty inherent in long-range growth forecasts.

Employment Land Forecast

This analytical step in the EOA process translates estimates of employment growth into forecasts of land need over the planning period. With slight modifications based on best available information for Forest Grove, our approach closely follows the generally accepted methodology used in Metro’s 2014 Urban Growth Report.

This approach is a three-step process; beginning with a conversion of employment forecasts by industry into the building typologies in which those economic activities typically locate. As an example, insurance agents typically locate in traditional office space. However, a percentage of these firms also locate in commercial retail space adjacent to retail anchors. Cross-tabulating this distribution provides an estimate of employment in each typology.

Figure 5.7: Employment Forecast to Land Demand Methodology



The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for an acceptable level of standard structural vacancy the analysis arrive at an estimate of total space demand for each building type.

Finally, it considers the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or FAR. For example, assume a 25,000 square foot general industrial building requires roughly two acres to accommodate its structure setbacks, parking, and necessary yard/storage space. This building would have an FAR of roughly 0.29.

The approach in this analysis deviates from the Metro approach in that retail trade and food services are treated separately. Demand for these services is more closely correlated to households, and more specifically household spending growth. Net space and acreage demand originating from the retail trade and food services sectors are determined by a separate methodology documented in Appendix A of this report.

OAR 660-009-0015(2) does not specify a methodology for conducting land need analysis. However, it does specify that, “the economic opportunities analysis must identify the number of sites by type reasonably

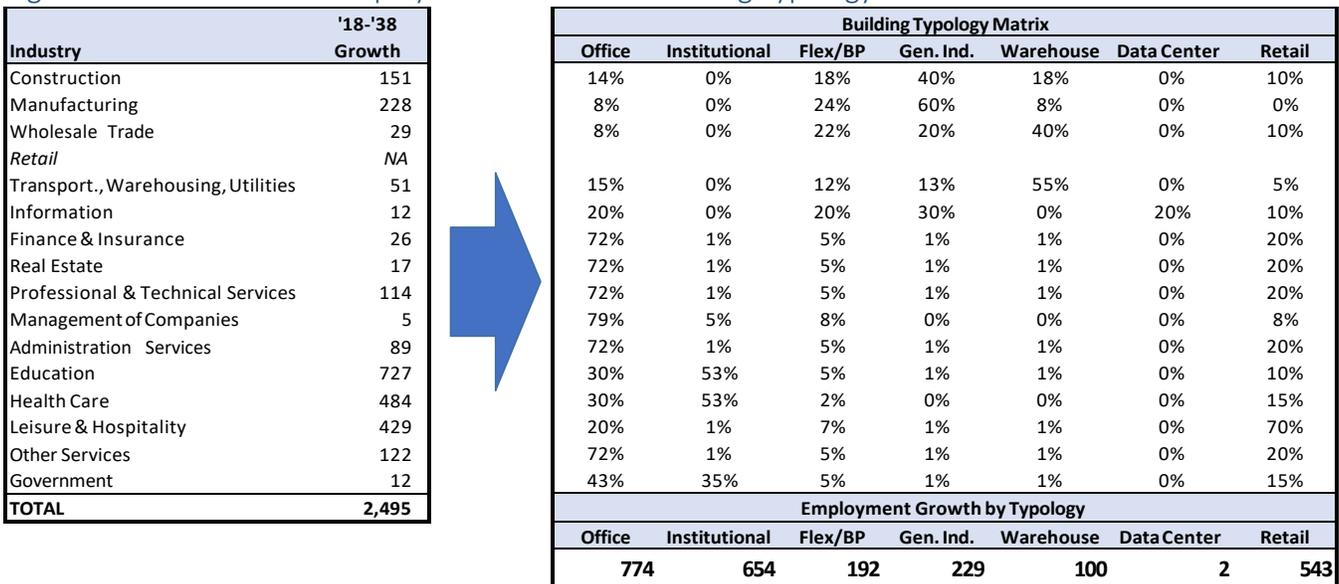
expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses.... Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories”. Consistent with the administrative rule, this analysis will end with a determination of land need in broad land use categories (Commercial, Industrial, Mixed-Use).

Baseline Land Demand Analysis

To demonstrate the process used and underlying assumptions, this report will develop land need estimates in a step-by-step process, clearly presenting underlying assumptions. For brevity, this process will be presented for the Safe Harbor Forecast scenario only. Final results will show alternative forecast outcomes.

In this analytical step we allocate employment growth into standard building typologies. The building typology matrix was developed for the 2014 Urban Growth Report, and represents the share of sectoral employment that locates across various building types. Johnson Economics added a category for Data Centers, which varies broadly from any category in the Metro matrix. Further, household-driven demand for retail trade and food services have been removed from this step, to be added later. However, demand for retail space driven by other sectors still exists in this analysis because firms outside of retail trade utilize retail space (beauty salons, banking, couriers, day care, insurance, real estate, etc.).

Figure 5.8: Conversion of Employment Forecast to Building Typology



Source: Oregon Employment Department, Metro, Johnson Economics

Under the Safe Harbor scenario, employment in office space represents the greatest share of growth, followed by institutional uses (hospitals, schools, government facilities) and industrial.

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market clearing vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. We assume a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative

multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Other uses assume 0% vacancy.

Demand for space is then converted to net acres using a standard floor area ratio (FAR) for each development form. Higher ratios for retail and office uses indicate an expectation that these uses will locate in the town center or mixed-use space at a higher rate on the margin. These calculations indicate a 20-year need of 124 net-developable acres across all development forms for the Safe Harbor forecast.

The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

Figure 5.9: Conversion of Building Typology to Land Need

	General Use Typology							Total
	Office	Institutional	Flex/BP	Gen. Ind.	Warehouse	Data Center	Retail	
Employment Growth (Non-Retail):	774	654	192	229	100	2	543	2,495
Average sq. ft. per Employee:	350	600	990	600	1,850	5,000	500	585
Floor Area Ratio (F.A.R.):	0.40	0.25	0.25	0.25	0.25	0.35	0.35	
Market Vacancy:	10%	0%	10%	5%	5%	0%	10%	
Implied Job Density (jobs/net acre):	49.8	18.2	11.0	18.2	5.9	3.0	30.5	20.1



	Net Acres by Building Typology							Total
	Office	Institutional	Flex/BP	Gen. Ind.	Warehouse	Data Center	Retail	
Net Acres Required:	17.1	36.0	19.2	13.2	17.9	0.8	19.6	123.8

Source: Metro, Johnson Economics

Commercial office and retail densities are 50 and 30 jobs per acre, respectively. Industrial uses range from 18 for general industrial to six jobs per acre for warehouse space.

Retail Demand: The methodology in this report treats retail and food service driven demand differently than other uses. These uses are more directly correlated with growth in households, consumer spending power, and established non-resident spending patterns. This methodology is detailed in Appendix A with critical steps summarized here:

- Household growth estimates are coordinated with the Metro 2040 projection of household growth in Forest Grove.
- Due to coordination with a single adopted growth forecast, there is no variance in household spending-driven retail support across scenarios.
- Estimates of the average spending per household by retail sector is provided by a third party data service (EnviroNics Analytics).
- The existing rate of non-resident retail support is assumed to remain constant at 13%.
- Net calculated retail acres are allocated to building typologies consistent with the non-retail methodology.

Combined growth in household and non-resident spending is expected to support an additional 35 net acres. The majority of support will go to commercial retail building typologies.

Combining retail need with all other industries, this analysis finds a **total 20-year need for 160 net developable acres of employment land.**

Figure 5.10: Forecast of Land Need by Building Type, Including Retail Need

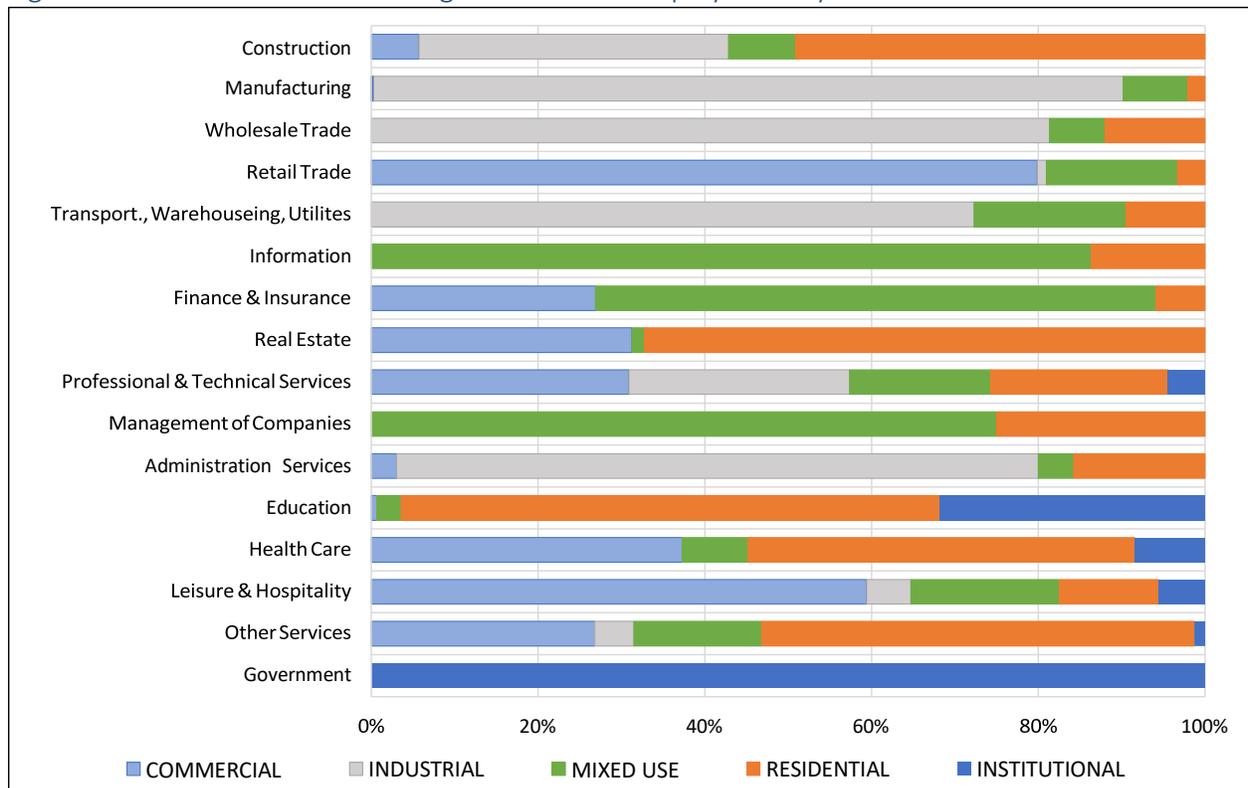
	Net Acres by Building Typology							Total
	Office	Institutional	Flex/BP	Gen. Ind.	Warehouse	Data Center	Retail	
Non-Retail Demand	17	36	19	13	18	1	20	124
Allocation of Retail by Type	15%	1%	7%	1%	5%	0%	72%	100%
Retail Demand	5	0	2	0	2	0	26	35
Total Net Acres Required	22	36	22	13	20	1	46	160

Source: Envirionics Analytics, Johnson Economics

Converting Land Demand by Building Typologies into Land Use Categories

The Buildable Lands Inventory in the Economic Opportunities Analysis inventories vacant, partially vacant, and potentially redevelopable land by broad land use category. To facilitate a direct comparison, the demand is aggregated into similar land use categories (as allowed under OAR 660-009-0015(2)). To make this determination, Johnson Economics used G.I.S. analysis of 2016 QCEW data to determine the share of employment by industry that is located in each broad zoning class (Figure 5.10).

Figure 5.11: Distribution of Existing Forest Grove Employment by Zone Class



Source: Oregon Employment Department, Metro RLIS, Johnson Economics

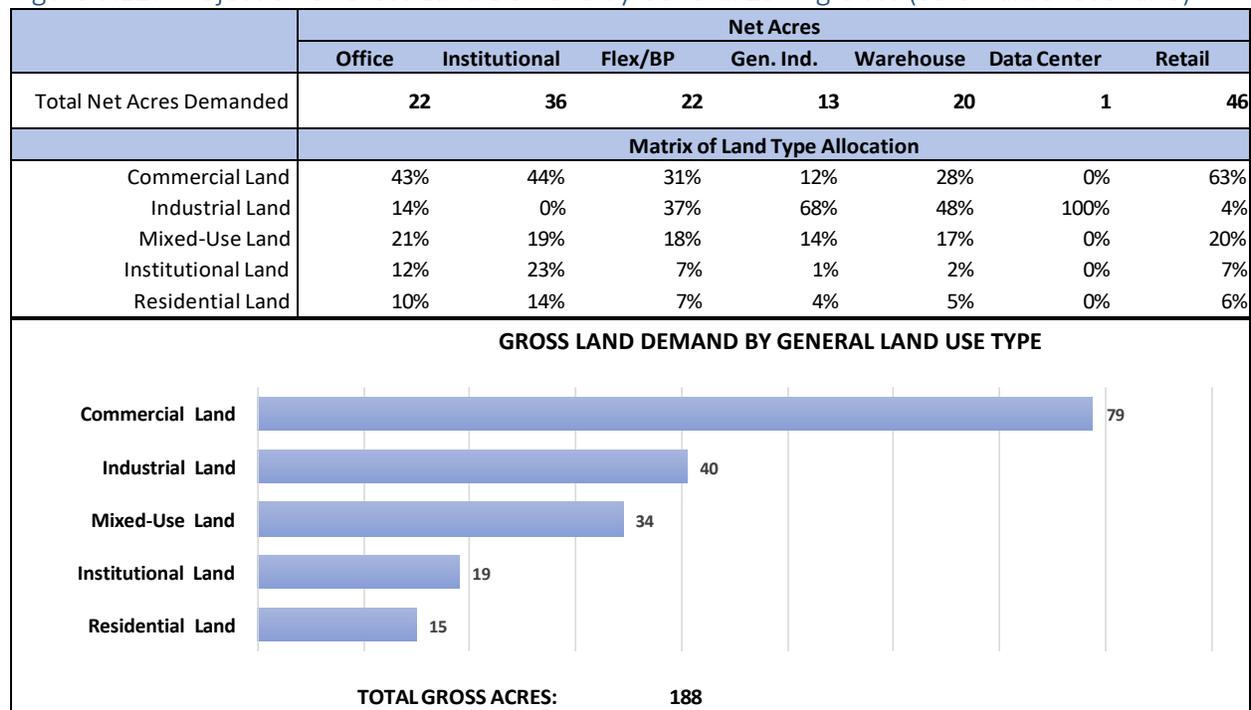
As Figure 5.11 shows, there is a lot of current employment in Forest Grove that is located (at least by address) in zoning classes that are considered to be primarily residential. However, industrial and commercial zones are also well-represented. (For this analysis the Community Commercial zone is classified as “commercial”, while the Town Center Transition, and Town Center Core zones are classified as “mixed use.”)

Because the purpose of this Goal 9 analysis is to determine the supply and demand for proper employment land, it is assumed that a much smaller share of future employment growth will be accommodated in residential zoning classes.

The final analytical step of this analysis is to adjust demand estimates to account for future infrastructure. The state defines net buildable acres as being absent future right-of way, indicating that gross land need is greater than net-buildable. For this analysis, we assume a 15% gross-to-net ratio for commercial, institutional and mixed-use areas. Industrial areas assume a 25% ratio because Forest Grove’s new industrial areas have a higher likelihood of requiring additional right-of-way, open space and public services.

Figure 5.12 shows the conversion of estimated need by building type, to need for gross acreage of land for the Safe Harbor scenario. The analysis results in a finding of total need for 188 gross acres of employment land, including some employment (mostly self-employment) that will take place in residential zones. Roughly half of the land need is found for commercial land (80 acres), followed by industrial land, and mixed-use land.

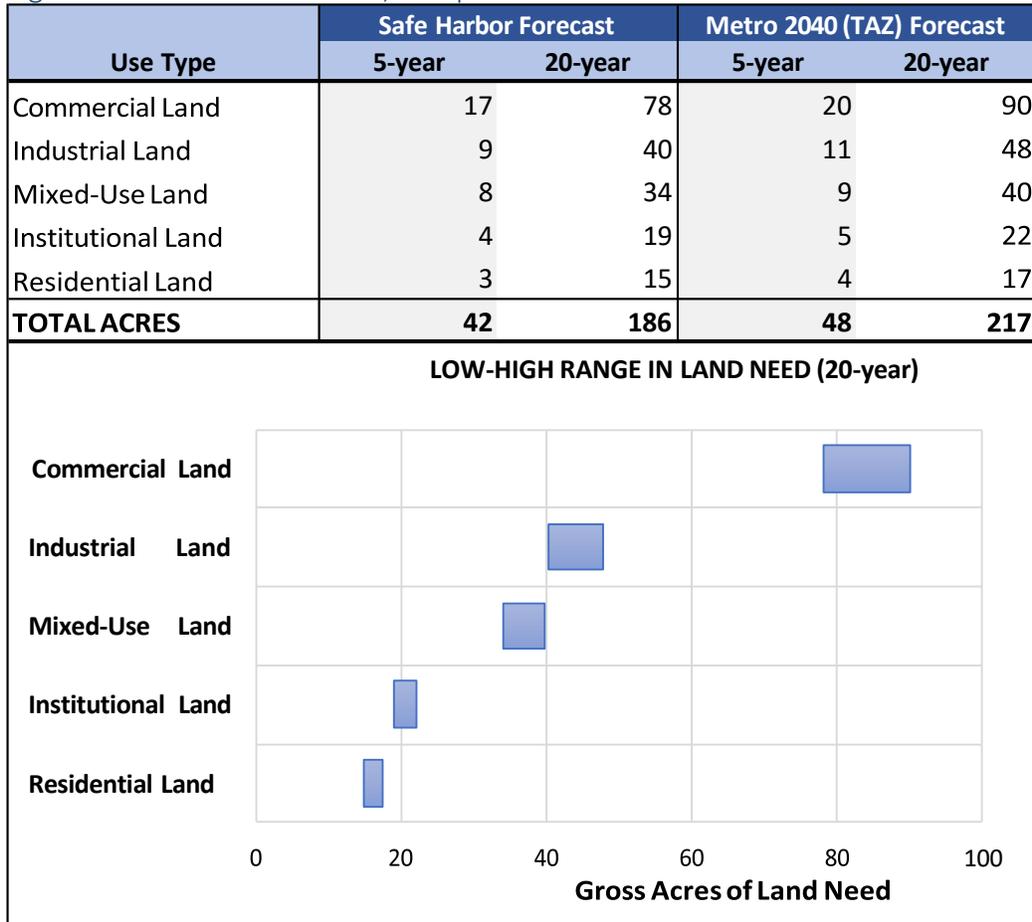
Figure 5.12: Projection of Gross Land Demand by General Zoning Class (Safe Harbor Scenario)



Source: Johnson Economics

Replicating the previously established methodology for the second employment forecast scenario (Metro 2040), we calculate a range of short and long-term land need by use type. The following figure presents estimates of short-term (5-year) and long-term (20-year) land need by category for the two scenarios. Total need estimate ranges from 186 gross acres to 217 gross acres, with a similar range found for each land use category. *While a range in need forecasts are presented here, the City of Forest Grove is required by statute to adopt a single forecast scenario.*

Figure 5.13: Gross Land Need, Comparison of Job Growth Forecast Scenarios



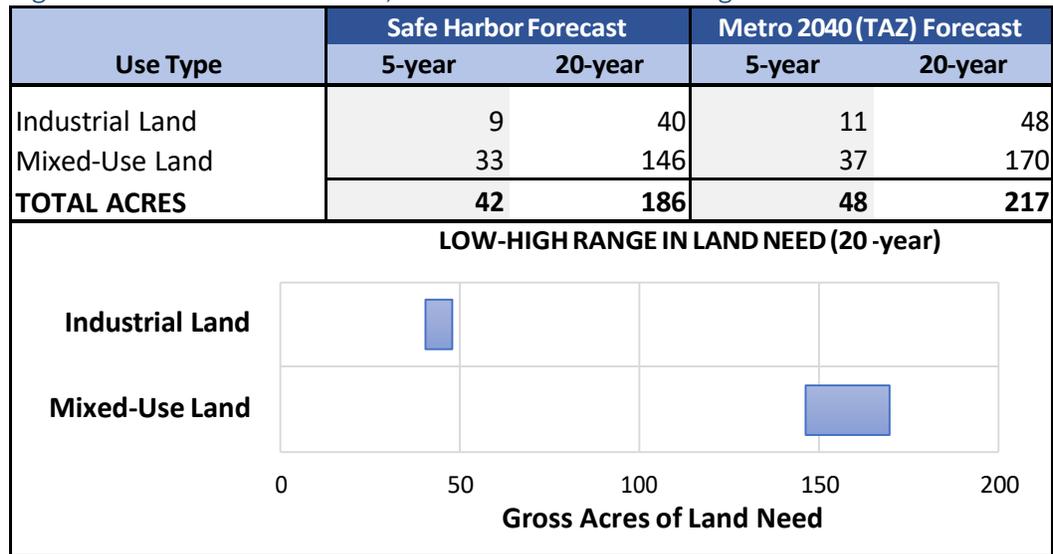
Source: Johnson Economics

Figure 5.14 shows the land use categories presented above consolidated to two major categories: Industrial and Mixed Use. This is because most commercial land found in Forest Grove is in mixed-used zoning designations. The consolidated categories fold the demand for commercial, institutional and residential land into the demand for mixed use land. This also reflects two assumptions:

- Institutional uses of the future are likely to be located within a different zoning designation, until they are developed, at which time that land may be rezoned to Institutional.
- In the future, the policy goal will be to locate as much marginal new employment as possible in appropriate employment zones, and not residential zones.

With these points in mind, the following figure consolidates these zones, resulting in a greater need for mixed use land (146 acres in the Safe Harbor scenario, and 170 in the Metro 2040 scenario.)

Figure 5.14: Gross Land Need, Reduced Mixed-Use Categories



Source: Johnson Economics

Additional Considerations in Land Demand

Beyond a consideration of gross acreage, there is a significantly broader range of site characteristics that industries require to accommodate future growth. We summarize some key findings here:

- Industrial buildings are generally more susceptible to slope constraints due to larger building footprints. For a site to be competitive for most industrial uses, a 5% slope is the maximum for development sites. Office and commercial uses are generally smaller and more vertical, allowing for slopes up to 15%.
- Most industries require some direct access to a major transportation route, particularly manufacturing and distribution industries that move goods throughout the region and beyond. A distance of 10 to 20 miles to a major interstate is generally acceptable for most manufacturing activities, but distribution activities require 5 miles or less and generally prefer a direct interstate linkage. Visibility is highly important to most commercial activities and site location along a major commercial arterial is commonly required.
- Railroad access is preferred for most manufacturing activities, with the exception of high-tech. Some users require direct on-site access while others generally make use of a local or regional hub.
- Access and capacity for water, power, gas, and sewer infrastructure is more important to industrial than commercial operations. Water/sewer lines of up to 10” are commonly required for large manufacturers. Appendix A details utility infrastructure requirements by typology. Fiber telecommunications networks are likely to be increasingly required in site selection criteria for many commercial office and manufacturing industries. Medical, high-tech, creative office, research & development, and most professional service industries will prefer or require strong fiber access in the coming business cycles.

VI. BUILDABLE LAND INVENTORY

A Buildable Lands Inventory (BLI) was conducted to determine the amount of buildable land in the major land use categories that is currently available in Forest Grove. The buildable land currently available may accommodate some or all of the 20-year need for gross land need determined through the analysis outlined above. If the current BLI within the city is insufficient to accommodate the projected need, the need for additional land or efficiency measures may be considered.

Metro Draft Buildable Land Inventory

This analysis takes as its foundation the on-going BLI analysis conducted by the Metro regional government as part of its Urban Growth review process. The latest Metro draft BLI dates to March 2018. It uses a formulaic approach that applies a general methodology to tax lots across the Metro jurisdictions, including Forest Grove. It relies on the local jurisdictions to review the findings and point out errors.

Johnson Economics took the Metro draft BLI as its basis for this analysis, but a number of misidentified parcels were identified making further revisions necessary. This analysis presents a revised tally and BLI map based on the Metro draft that better represents market-driven development capacity and the actual disposition of some misidentified parcels. The revised BLI is designed to address the requirements of Statewide Planning Goal 9 (OAR 660-009-0015).

Revisions to Metro Draft BLI

Because the Metro BLI is applied across the region formulaically some errors are expected that local review is meant to catch. Some major issues with the draft are:

- *It appears to use old tax lot GIS layer.*
- *Identifies some heavily developed lots as re-developable.*
- *Includes a few small fragmented parcels that are poorly configured for future development.*

Regression Method

The Metro BLI uses a regression analysis to estimate the likelihood of redevelopment over a 20-year period. This results in an estimation of “re-developable acreage” that is actually a fraction of the total acreage of the included parcels (for instance, if a 50 acre parcel has a 20% change of redevelopment, then it counts as 10 re-developable acres.) This approach attempts to give an estimate of the infill and redevelopment activity that could happen averaged across all parcels whether they do or don’t redevelop. This methodology has some flaws, but when the results are summed up, the total re-developable acreage does not add up to a large total amount. Therefore the estimated re-developable acreage calculated through this method was preserved here (shown in yellow on the map.)

Re-developable (Strike Price vs. Regression)

Metro also provided an estimate using a “strike price” method that was used previously (shown in orange on the map). This method tends to identify larger and more prominent parcels of employment land that might redevelop over time. Because these parcels are more prominent, they have been reviewed separately here, and are distinguished from the “regression” parcels in the summary tables and the following maps.

In reviewing these major parcels, some of those identified by Metro are now developed and therefore removed from this count. Two large parcels were identified as “redevelopable” were reclassified as “vacant” as they do not appear to have any significant development on them.

“Mixed Use” land classification

Metro identifies most of commercial zoning in Forest Grove as having a general classification of “Mixed Use.” For this review, this classification has remained in place, meaning that none of the parcels counted in this BLI are considered to be “commercial” land, despite many being located in the Community Commercial zone.

Buildable Land Inventory Results

The following table summarizes the findings of buildable lands within Forest Grove’s current Urban Growth Boundary. There is an estimated total of 292 acres of buildable, or redevelopable land located in the city.

A majority of these buildable acres (275 ac.) are located within the current City boundary. Two large parcels (36.8 ac. & 17 ac.) are located outside of the City boundary, but within the UGB. The 36.8 acre parcel is currently planned for employment use, with “Business Industrial Park” zoning. This acreage is included here as industrial land. The 17 acre site is pre-certified as a general industrial site.

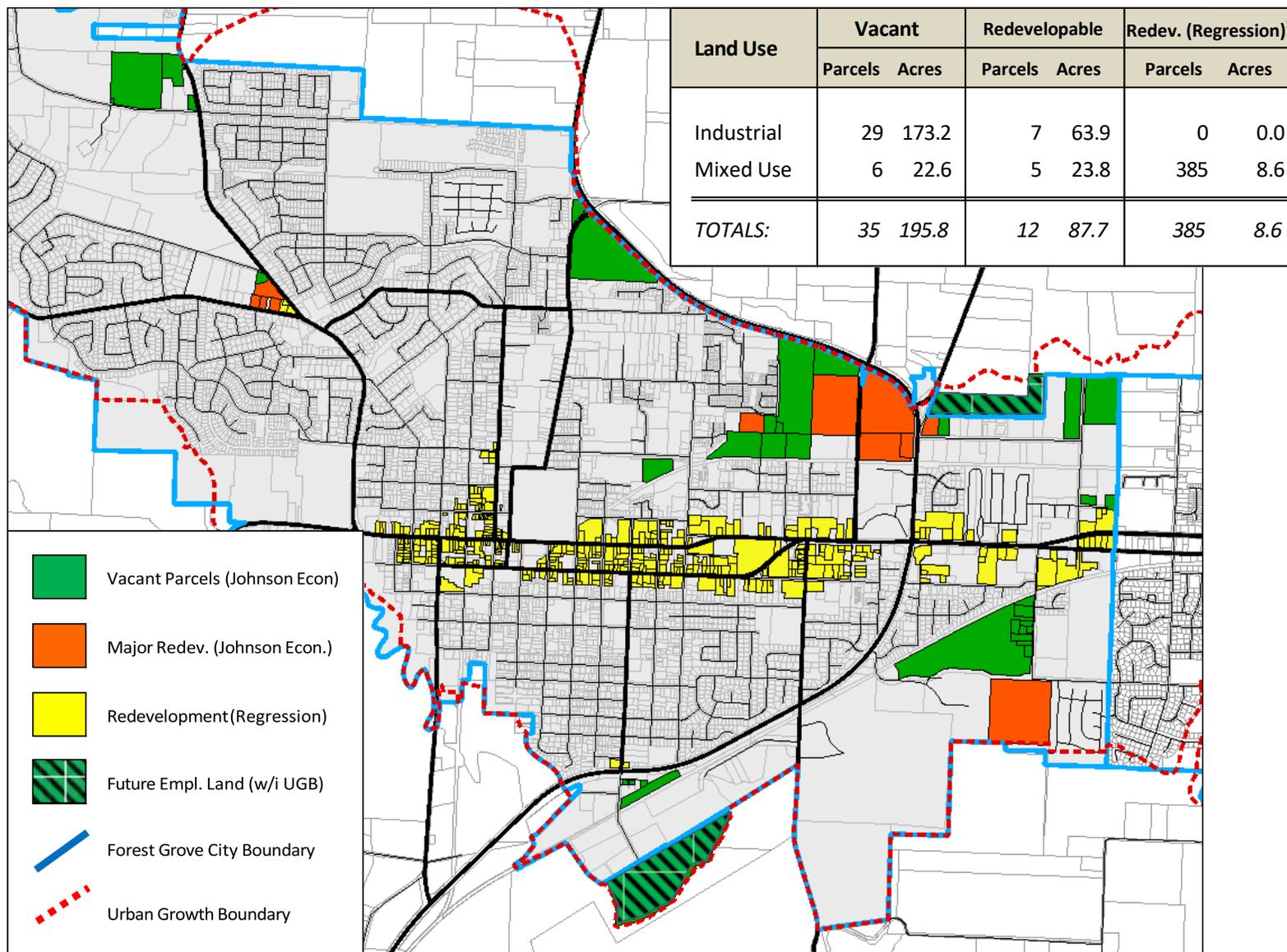
Figure 6.1: Summary of Buildable Land Inventory

Land Use	Vacant		Redevelopable		Redev. (Regression) ¹		TOTALS		
	Parcels	Acres	Parcels	Acres	Parcels	Acres	Parcels	Acres	Share
Industrial	29	173.2	7	63.9	0	0.0	36	237.1	74%
Mixed Use	6	22.6	5	23.8	385	8.6	396	55.0	17%
TOTALS:	35	195.8	12	87.7	385	8.6	432	292.1	92%
<i>w/i City:</i>	<i>33</i>	<i>178.8</i>	<i>12</i>	<i>87.7</i>	<i>385</i>	<i>8.6</i>	<i>430</i>	<i>275.1</i>	<i>86%</i>
<i>w/i UGB:</i>	<i>2</i>	<i>53.8</i>	<i>0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>2</i>	<i>53.8</i>	<i>17%</i>

Source: Metro, City of Forest Grove, Johnson Economics

- Most available acreage is in areas with Industrial zoning (74%).
- There is a much smaller amount of buildable acreage in Mixed Use zoning. (Forest Grove’s main commercial zones are counted as having a general Mixed Use classification under the regional land use methodology, because they allow for some housing.) This Mixed Use acreage includes what has been identified as “redevelopable” under Metro’s regression methodology. While it looks like a large amount of land on the following map (in yellow), the regression analysis of likely redevelopment amounts to a relatively small amount of acreage (8.6 ac.)
- While significant current employment is found in the city’s residential zones, it is assumed that the public policy goal is to house future employment growth outside of residential zones to the greatest extent possible. Therefore, no residential acreage is included in the Buildable Lands Inventory for employment.

Figure 6.2: Buildable Land Inventory, Employment Land, Forest Grove



Source: Metro, City of Forest Grove, Johnson Economics

Figure 6.3: Buildable Land Inventory, Summary of Parcels by Size
(Vacant and Major Redevelopment Parcels)

		# OF TAXLOTS, by PARCEL SIZE									TOTAL	
		Parcel Size (ac.):	<.25	.25 - .50	.50 - 1	1 - 2	2 - 5	5 - 10	10 - 20	20 - 50		>50
LAND USE	Industrial		2	5	5	6	6	4	5	3	0	36
	Mixed Use		5	1	0	2	0	0	1	1	0	10
STATUS	Vacant		3	6	5	7	4	3	3	3	0	34
	Redevelopment		4	0	0	1	2	1	3	1	0	12
Total			7	6	5	8	6	4	6	4	0	46
		POTENTIAL GROSS BUILDABLE ACRES, by PARCEL SIZE									TOTAL	
		Parcel Size (ac.):	<.25	.25 - .50	.50 - 1	1 - 2	2 - 5	5 - 10	10 - 20	20 - 50		>50
LAND USE	Industrial		0.4	1.9	3.7	8.5	20.6	27.5	79.8	94.7	0.0	237.1
	Mixed Use		0.4	0.4	0.8	2.8	0.0	0.0	18.5	23.5	0.0	46.4
STATUS	Vacant		0.5	2.3	4.5	9.4	15.5	19.9	49.1	94.7	0.0	195.8
	Redevelopment		0.3	0.0	0.0	2.0	5.2	7.6	49.2	23.5	0.0	87.7
Total			0.8	2.3	4.5	11.3	20.6	27.5	98.3	118.2	0.0	283.5

Source: Metro, City of Forest Grove, Johnson Economics

* Does not include parcels identified as potential redevelopment sites through regression analysis (8.6 acres total, all of Mixed Use zoning.) These are not included because they total nearly 400 parcels all with different probabilities of redeveloping in the plan period.

Figure 6.3 presents a summary of parcels identified in the Buildable Lands Inventory by size (other than those identified as potentially re-developable through Metro's regression analysis.) The identified vacant or major redevelopment parcels total 46 sites.

- Most sites identified are industrial. These are well-distributed across a range of sizes, including 8 parcels over 10 acres and 3 over 20 acres. This includes one 36.8-acre site and one 17-acre site located outside the city boundary, but inside the UGB.
- The mixed use parcels are generally small, other than large Neighborhood Mixed Use parcels at the northern boundary of the city.

VII. RECONCILIATION OF LAND NEED AND SUPPLY

Figure 7.1 presents the reconciliation of the findings of 20-year employment land need (Section V) with the estimated supply of buildable lands (Section VI).

Figure 7.1: Reconciliation of 20-Year Demand and Supply

SAFE HARBOR FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Safe Harbor Forecast		Buildable		
	5-year	20-year	Acres	5-year	20-year
Industrial Land	9	40	237.1	228	196.75
Mixed-Use Land	33	146	55.0	22	(91.15)
TOTAL:	42	186	292.1	250	105.60

METRO 2040 (TAZ) FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Metro 2040 Forecast		Buildable		
	5-year	20-year	Acres	5-year	20-year
Industrial Land	11	48	237.1	226	189.16
Mixed-Use Land	37	170	55.0	18	(114.55)
TOTAL:	48	217	292.1	244	74.60

Source: Metro, City of Forest Grove, Johnson Economics

Major Findings

- Current buildable land supply is estimated to be sufficient to meet short term needs, but not long term needs.
- Over the 20-year period, the buildable supply does exceed the long term demand. However, this analysis finds that the classification of available land (mostly industrial) is a poorly matched to future employment needs.
- The demand for Mixed Use lands to accommodate commercial uses will exceed the supply of these land categories over the planning period.
- Many of the same types of uses (office and retail) can be suitable to either Commercial or Mixed Use land, so the balance between these two zoning types are somewhat fungible. In other words, some of the estimated demand for new land could be accommodated by new commercial or mixed use land, or a mix.
- This analysis indicates that there may be a significant oversupply of designated industrial land in Forest Grove, and that some of this might be repurposed for other employment uses.

**Planning Commission Findings
Recommend Adoption of Economic Opportunities Analysis Update
File Number 311-18-000044-PLNG**

WHEREAS, Statewide Planning Goal 9 (Oregon Administrative Rules Section 660-009 et. seq.) implements direction from Oregon legislature that local comprehensive plans and land use regulations are updated and provide adequate opportunities for a variety of economic activities throughout the state; and

WHEREAS, Oregon Administrative Rules Section 660-009-0015 requires that cities review, and as necessary, amend their comprehensive plans to provide economic opportunities analyses describing national, state, regional, and local economic trends and comparing the demand for industrial and other employment uses to the existing supply of such land; and

WHEREAS, The City's Economic Opportunities Analysis was last updated on August 27, 2009; and

WHEREAS, the 2009 EOA, no longer reflects national, state, regional and local economic trends; and

WHEREAS, City updated the EOA to assure compliance with Statewide Planning Goal 9 and provide a sound basis for local land use decisions affecting industrial and other employment lands; and

WHEREAS, the EOA update was presented to Forest Grove Economic Development Commission on November 1, 2018 for review and comment; and

WHEREAS, the Economic Development Commission on November 1, 2018, adopted a motion supporting the findings contained in the EOA update and recommended City Council acceptance; and

WHEREAS, The Oregon Department of Land Conservation and Development (DLCD) reviewed the EOA and provided comments to the City on December 6, 2018; and

WHEREAS, the City revised the EOA update to address DLCD comments; and

WHEREAS, notice of the Planning Commission's public hearing on the EOA update was published in the *Forest Grove News-Times* on January 30, 2019; and

WHEREAS, the Planning Commission held a duly-noticed public hearing on February 4, 2019, to accept public comment on the EOA update and to consider recommending City Council adoption of the EOA update.

NOW THEREFORE, the Planning Commission does hereby recommend City Council adopt an ordinance amending the 2014 Forest Grove Comprehensive Plan to incorporate the EOA update, making the following specific findings in support of this decision:

1) The EOA update complies with Oregon Administrative Rules (OAR) Section 660-009-0015 (Economic Opportunities Analysis) for the following reasons:

A. OAR Section 660-009-0015(1) requires a review of the national, state, regional, county and local economic trends including identification of major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on the economic trends.

Finding: Section III of the EOA update summarizes long and intermediate economic trends at the national, state and local level that will influence economic conditions in Forest Grove during the 20-year planning period. Economic trends summarized in the EOA update include demographic trends, socio-economic trends, employment trends and household growth projections including household migration trends. Demographic trends identified in the EOA include aging of the workforce, potential impacts of the millennial generation, labor force participation rates, and prospects for immigrant labor.

Finding: Based on these trends the EOA update the following major categories of industrial and other employment uses reasonably expected to locate or expand in the Forest Grove planning area:

- Agriculture / Value Added Food Products;
- Tourism and Winery Development;
- Education Services;
- Retirement Services; and
- High-Technology Manufacturing.

B. OAR Section 660-009-0015(2) stipulates that the economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate expected employment growth.

Finding: EOA Figure 6.3 identifies the number of sites (tax lots) by parcel size for industrial and other (mixed-use) employment uses. Based on the inventory

there are a total of 46 sites suitable for accommodating expected employment growth.

Finding: Most sites identified in the inventory are zoned industrial. These sites are distributed across a range of sizes, including 8 parcels over 10 acres, and 3 parcels over 20 acres.

- C. OAR Section 660-009-0015(3) stipulates that comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.

Finding: EOA Section VI summarizes the buildable land inventory (BLI) used to determine the amount of buildable land in major land use categories currently available in Forest Grove. The BLI describes site characteristics including site size and whether the site is vacant or has potential for redevelopment. The BLI identifies approximately 237 buildable acres land for industrial uses in the City's planning area. The BLI also identifies approximately 55 acres of buildable land for mixed-use/commercial development.

Finding: The EOA update shows a short-term (5-year) demand for 9 acres of industrial land and long-term (20-year) demand for 40 acres.

Finding: The EOA update shows a short-term (5-year) surplus of industrial land is approximately 228 and the long-term (20-year) surplus of industrial land is approximately 197 acres.

Finding: The EOA Update shows a short-term (5-year) surplus of approximately 22 acres for mixed-use/commercial development.

Finding: The EOA update shows a long-term (20-year) deficit of approximately 91 acres for mixed-use/commercial development.

- D. OAR 660-009-0015(4) stipulates that economic opportunities analysis must estimate the types and amounts of industrial or other uses likely to occur in the planning area. The estimate must be based on information generated above and must consider the planning area's economic advantages and disadvantages.

Finding: The EOA update summarizes strengths and challenges for target industries having potential to locate in Forest Grove. Strengths include proximity to high-quality farmland and water supply, an existing food

processing industry with workforce expertise and access to export markets. Economic disadvantages include regional competitiveness with certain industry clusters such as winery development, Forest Grove's workforce composition does not match the needs of some high-technology firms, uncertainty with respect to the future cost of utilities and lack of direct connections to the north Hillsboro employment area.

Conclusion: based on the findings identified above and those contained in the EOA update, the Planning Commission determines the EOA update satisfies the requirements of Statewide Planning Goal 9 and OAR 660-009-0015 pertaining to economic opportunity analyses.

Date: APRIL 22, 2019

Agenda Item: 6.

Subject: CONTINUE PUBLIC HEARING FROM APRIL 8, 2019: SECOND READING OF ORDINANCE NO. 2019-01 ADOPTING AN UPDATE TO CITY OF FOREST GROVE 2009 ECONOMIC OPPORTUNITIES ANALYSIS AND AMENDING FOREST GROVE COMPREHENSIVE PLAN; FILE NO. 311-18-000044-PLNG

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.

Please sign-in below to testify:

PROPONENTS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OPPONENTS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OTHERS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

Please continue on Page 2:

2nd Reading
OK 2019-01

**CITY COUNCIL MEETING
APRIL 22, 2019**

SUPPLEMENTAL INFORMATION

AGENDA ITEM #6:

SECOND REDING OF ORDINANCE NO. 2019-01, ADOPTING AN UPDATE TO CITY OF FOREST GROVE 2009 ECONOMIC OPPORTUNITY ANALYSIS AND AMENDING FOREST GROVE COMPREHENSIVE PLAN; FILE NO:311-18-000044-PLNG

- 1. PACIFIC UNIVERSITY MASTER PLAN, PAGE II-1, TABLE I-1, CITY ADOPTION, MAY 14, 2018, ORDINANCE 2018-01.**
- 2. WASHINGTON COUNTY ECONOMIC INDICATORS, OREGON EMPLOYMENT DEPARTMENT, MARCH 2019.**
- 3. METRO EQUITABLE HOUSING STRATEGY SUMMARY, MARCH 28, 2018.**
- 4. US CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, TABLE S1903, 2013-2017 MEDIAN INCOME IN THE PAST 12 MONTHS.**

II: Master Plan Principles, Goals & Policies

A. Goals of the Master Plan

The following core goals inform the development objectives of the University under this Master Plan. Where appropriate, the goals are followed by specific objectives.

Example:

0. Goal: ...

0.1 Objective: ...

Enrollment Growth:

1. Support an increase in enrollment on the Forest Grove campus from about 2,400 in Fall 2016 to 2,800 in approximately Fall 2030. See Table I-1 for a break-down of enrollment projections. Enrollment is subject to many dynamic factors, so projections here are subject to fluctuation from year to year.



Figure II-1: Pacific University has seen continual demand for on-campus housing. Residence halls help build a learning community on the campus.

Table I-1: Anticipated enrollment changes at Forest Grove under this Master Plan

Year	Undergraduate - Forest Grove		Graduate - Forest Grove		Total Enrollment - Forest Grove		Faculty/Staff - Forest Grove	Total Population - Forest Grove
	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	Headcount
2015-16	1,834	1,790	609	580	2,443	2,370	720	3,163
2020-21	2,025	1,976	672	656	2,697	2,633	795	3,492
2022-23	2,107	2,056	700	683	2,806	2,739	827	3,633
2023-24*	2,149	2,097	279	272	2,428	2,369	793	3,221*
2030-31	2,468	2,409	320	313	2,788	2,722	918	3,706

*School of Optometry assumed to move 2023-24, resulting in reduced staff and faculty on the Forest Grove campus.

Table I-2: Housing Goals

Academic Year	Forest Grove Undergrads	Residential Population Range	
		Head Count	65% 85%
2015-16	1,834	n/a	n/a
2020-21	2,025	1,316	1,721
2022-23	2,107	1,370	1,791
2023-24	2,149	1,397	1,827
2030-31	2,468	1,604	2,098

*Current housing is shown in Table I-3.

Table I-3: Current Campus Housing

Facility Name	Occupancy (Fall 2016)
Burlingham	161
Clark	200
Cascade	203
Gilbert	156
McCormick	125
Van der Velden	150
Walter	240
Total Current Capacity	1,235

1: Note that bed counts fluctuate due to operational decisions and demand considerations, regarding the number of students per room in some residence halls.

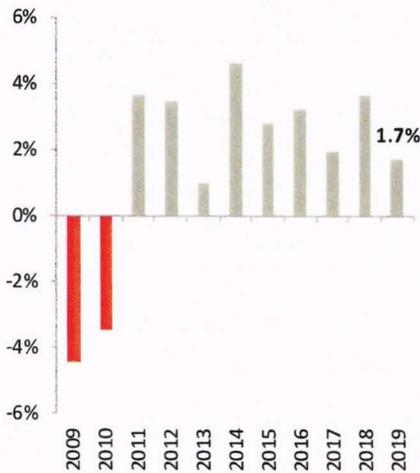
2: The current residential offerings house approximately 67% of Pacific's undergraduate students

Washington County Economic Indicators

March 2019
(January data)

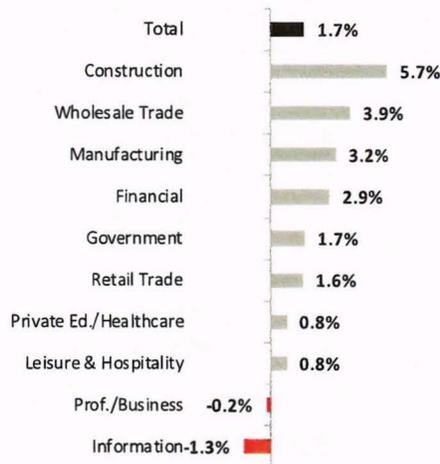
Historical Job Growth

Jan. 2009 to 2019; change from a year earlier



Job Growth Rates by Industry

Jan. 2019; change from a year earlier



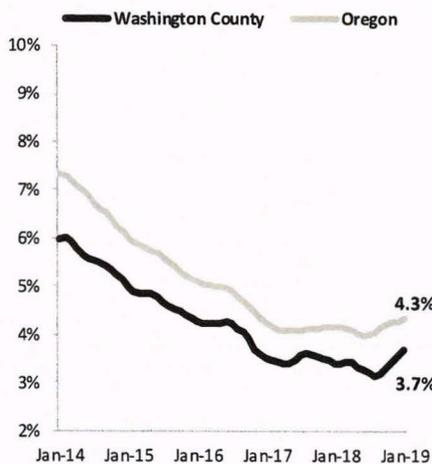
Net Job Growth by Industry

Jan. 2019; change from a year earlier



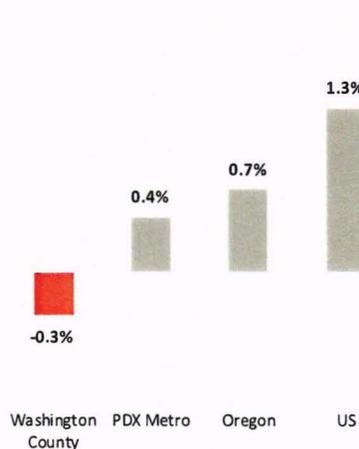
State & County Unemployment Rates

Jan. 2014 to 2019; seasonally adjusted



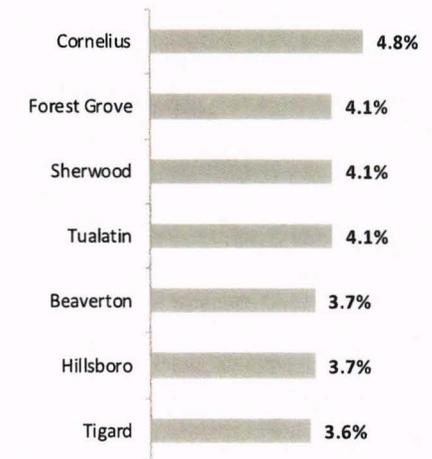
Labor Force Growth

Jan. 2019; increase on a year earlier, seasonally adjusted



Unemployment Rates by City

Jan. 2019; not seasonally adjusted



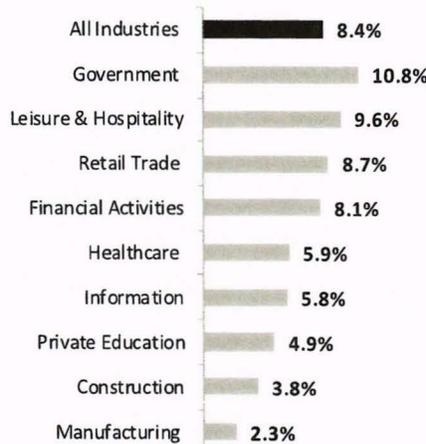
Average Wages by Industry

2017



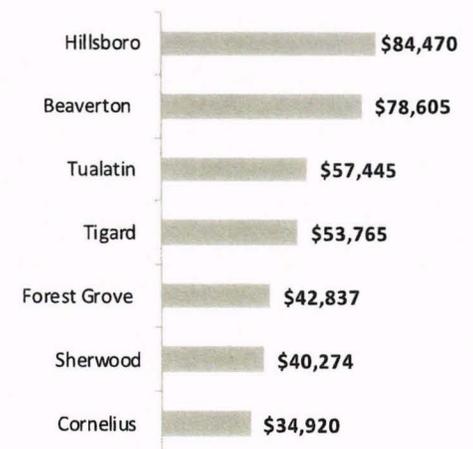
Real Wage Growth by Industry

2012-2017; adjusted for inflation



Average Annual Wage by City

2017



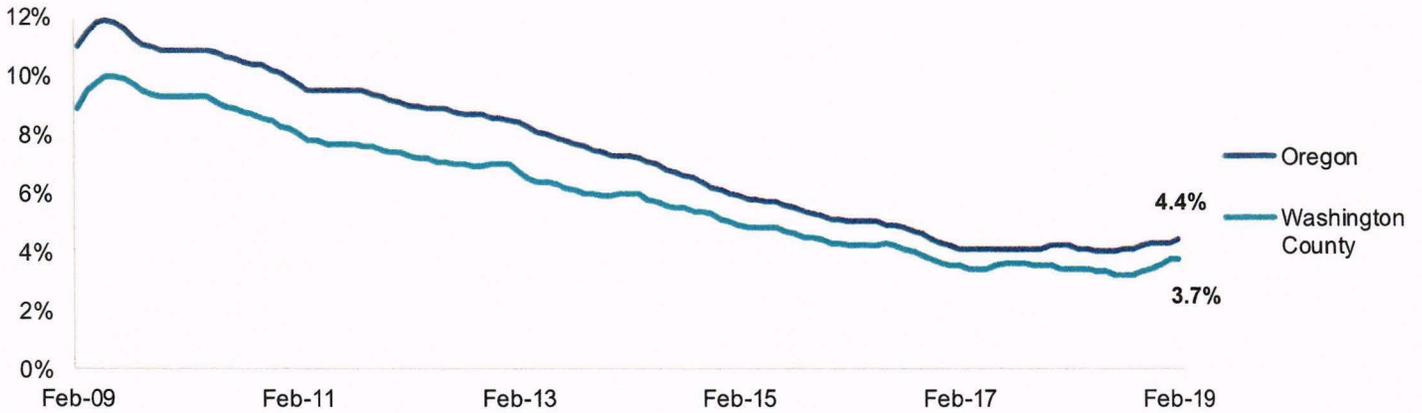
Washington County Economic Indicators March 2019 (February Data)

Washington County's unemployment rate was 3.7 percent in February 2019, unchanged from the prior month and a slight increase from last year. Some cities saw unemployment rates slightly lower than the prior year (not seasonally adjusted).

The county added 4,600 jobs between February 2018 and February 2019, for a growth rate of 1.6 percent. Construction and wholesale trade led industry employment growth, while manufacturing added the most jobs over the year.

Unemployment Rate

February 2009 to February 2019, seasonally adjusted
Local Area Unemployment Statistics



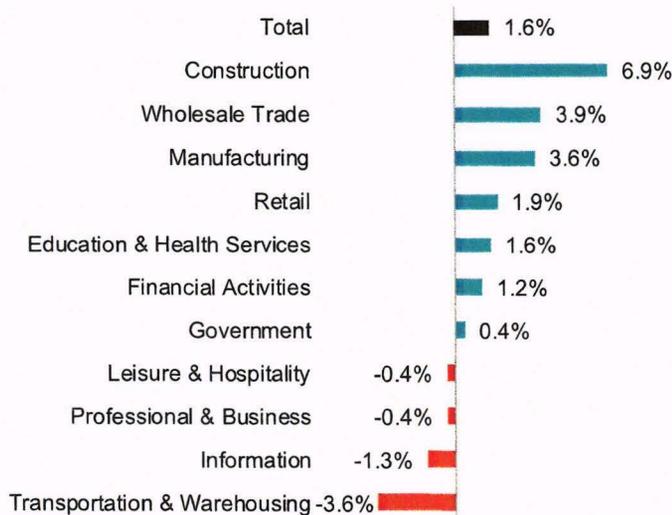
Unemployment Rates in Washington County Cities

February 2019, not seasonally adjusted
Local Area Unemployment Statistics



Construction Leads Industry Employment Growth

Percentage change, February 2018 to February 2019
Current Employment Estimates



Net Job Growth in Washington County

Net change, February 2018 to February 2019
Current Employment Estimates



Have questions? Want to subscribe? Contact me!
Emily Starbuck, Washington County Workforce Analyst

Emily.A.Starbuck@oregon.gov
503.360.2421

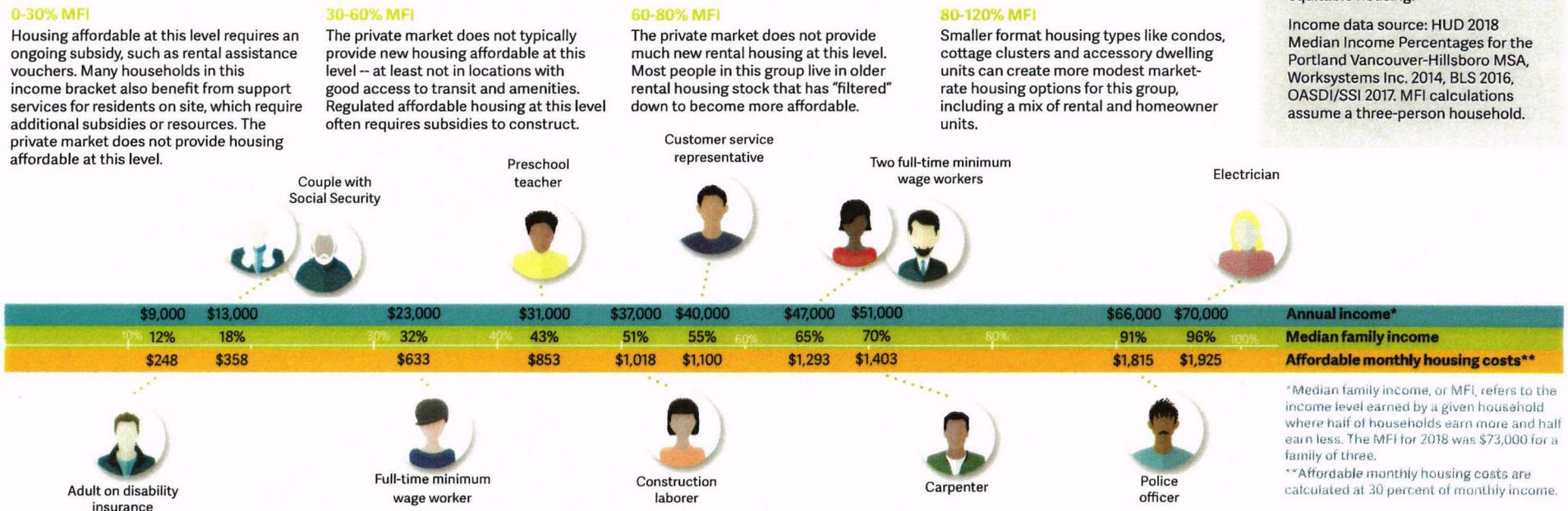
Regional affordable housing framework: Connecting equitable housing strategies to the needs of residents



What does the housing market currently provide? The private market typically provides new housing for households above 80 percent of median family income; public subsidies tend to be targeted at households earning less than 60 percent.

Learn more about Metro's Equitable Housing Initiative at oregonmetro.gov/equitablehousing.

Income data source: HUD 2018 Median Income Percentages for the Portland Vancouver-Hillsboro MSA, Worksystems Inc. 2014, BLS 2016, OASDI/SSI 2017. MFI calculations assume a three-person household.



Strategies: Regional partners are working with a variety of tools to serve families at different income levels.

Increase and optimize resources (helps families with 0-60% MFI)

Increase funding flexibility and pursue coordinated investment strategies to expand the region's supply of regulated affordable housing with tools such as:

- tax increment financing
- revolving loan funds
- donation of public/surplus land
- housing trust funds
- rental assistance vouchers
- dedicated public funding
- transit-oriented development grants.

Mitigate displacement (helps families with 0-80% MFI)

Support public and nonprofit partners to prevent rent increases and evictions that may accompany property improvements and infrastructure investments with tools such as:

- public/nonprofit acquisition/rehabilitation
- real estate investment trusts
- rental rehabilitation grants
- tenant protections (e.g. notifications for no-cause evictions, rent stabilization)
- short-term rental or utility assistance.

Leverage growth for affordability (helps families with 30-80% MFI)

Encourage for-profit developers to include some income-restricted units in market-rate projects or to pay into a fund for affordable housing with tools such as:

- tax exemptions
- density bonuses
- fast-tracked permitting
- linkage fees
- inclusionary zoning.

Increase and diversify market-rate housing (helps families with 60-120% MFI)

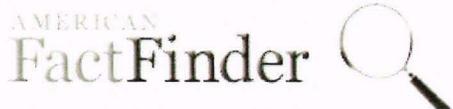
Eliminate regulatory barriers, deliver education, and create incentives for transit oriented development, missing middle housing and accessory dwelling units using tools such as:

- zoning/building code changes
- developer/homeowner education
- fast-tracked permitting
- innovative financing for accessory dwelling units
- scaled or waived system development charges
- reduced parking requirements
- vertical housing tax credits
- transit-oriented development grants.

Stabilize homeowners and expand access to homeownership (helps families with 60-120% MFI)

Pursue strategies that bridge the homeownership gap for lower income groups and communities of color and create stability for homeowners with diminishing or fixed incomes with tools such as:

- foreclosure prevention
- weatherization assistance
- community land trusts
- limited equity cooperatives and shared appreciation mortgages
- accessory dwelling unit financing tools
- down payment assistance.



S1903

MEDIAN INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS)

2013-2017 American Community Survey 5-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Technical Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities, and towns and estimates of housing units for states and counties.

Subject	Forest Grove city, Oregon				
	Number		Percent Distribution		Median income (dollars)
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Households	7,955	+/-295	7,955	+/-295	54,503
One race--					
White	6,774	+/-326	85.2%	+/-3.0	58,080
Black or African American	40	+/-42	0.5%	+/-0.5	48,684
American Indian and Alaska Native	20	+/-22	0.3%	+/-0.3	-
Asian	278	+/-137	3.5%	+/-1.7	-
Native Hawaiian and Other Pacific Islander	21	+/-31	0.3%	+/-0.4	-
Some other race	487	+/-179	6.1%	+/-2.2	39,480
Two or more races	335	+/-148	4.2%	+/-1.8	48,284
Hispanic or Latino origin (of any race)	1,272	+/-208	16.0%	+/-2.6	41,750
White alone, not Hispanic or Latino	6,050	+/-330	76.1%	+/-3.2	60,409
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER					
15 to 24 years	519	+/-183	6.5%	+/-2.3	26,625
25 to 44 years	2,614	+/-272	32.9%	+/-3.2	60,257
45 to 64 years	2,914	+/-242	36.6%	+/-2.8	70,188
65 years and over	1,908	+/-223	24.0%	+/-2.5	40,147
FAMILIES					
Families	5,468	+/-257	5,468	+/-257	65,679
With own children of householder under 18 years	2,757	+/-217	50.4%	+/-4.3	63,689
With no own children of householder under 18 years	2,711	+/-311	49.6%	+/-4.3	66,845
Married-couple families	4,324	+/-280	79.1%	+/-3.7	72,384
With own children under 18 years	2,151	+/-234	39.3%	+/-4.2	71,613
Female householder, no husband present	784	+/-180	14.3%	+/-3.3	32,143
With own children under 18 years	472	+/-145	8.6%	+/-2.7	26,100
Male householder, no wife present	360	+/-121	6.6%	+/-2.1	50,972
With own children under 18 years	134	+/-72	2.5%	+/-1.3	67,500
FAMILY INCOME BY FAMILY SIZE					
2-person families	(X)	(X)	(X)	(X)	58,269



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<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>6.</u>
MEETING DATE:	<u>April 8, 2019</u>
FINAL ACTION:	<u>First Reading</u>

CITY COUNCIL STAFF REPORT

FIRST READING:

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *April 8, 2019*

PROJECT TEAM: *Daniel Riordan, Senior Planner; and Bryan Pohl, Community Development Director*

SUBJECT TITLE: *Public Hearing and First Reading of Ordinance Adopting Update to City of Forest 2009 Economic Opportunities Analysis and Amending Forest Grove Comprehensive Plan; File No. 311-18-000044-PLNG*

ACTION REQUESTED:

<input checked="" type="checkbox"/>	Ordinance	<input type="checkbox"/>	Order	<input type="checkbox"/>	Resolution	<input type="checkbox"/>	Motion	<input type="checkbox"/>	Informational
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X all that apply

ISSUE STATEMENT:

The City adopted an Economic Opportunities Analysis (EOA) in 2009 to support the 2014 update to the Forest Grove Comprehensive Plan. The 2009 EOA is now out-of-date and no longer provides a sound basis for planning activities. The EOA update reflects significant changes in employment, land supply and economic trends since 2009. The information contained in the EOA update will guide decisions pertaining to the designation of land for employment activities on the Comprehensive Plan Map and Zoning Map. Information contained in the EOA is also useful for planning infrastructure needed to serve future development and preparing economic development policies.

The EOA is a support document to the Forest Grove Comprehensive Plan. To adopt the EOA, City Council must approve an ordinance amending the Comprehensive Plan and adding the EOA as an appendix to the Plan. This ensures that the findings contained in the EOA update may be used as a basis for policy decisions affecting the amount, location and type of land needed for industrial and other employment activities within the urban growth boundary.

BACKGROUND:

Under state law, local comprehensive plans must comply with the Oregon Statewide Land Use Planning Goals. Statewide Land Use Planning Goal 9 addresses the economic development needs of the state. In particular, Goal 9 requires that comprehensive plans for urban areas include in part:

- An analysis of economic patterns including strengths and deficiencies as they relate to state and national trends;
- Policies for economic development opportunities in the community; and

- Designation of an adequate supply of sites suitable for a variety of industrial and commercial uses.

Oregon Administrative Rules (OARs) describe how local governments implement Goal 9 including preparing the economic analyses required by Goal 9. Under the rules, cities and counties must review, and as necessary, amend their comprehensive plans to include analyses (EOA) documenting economic trends, industrial land supply, and assessment of community economic development potential. In addition, the EOA must compare current land supply to the projected demanded of industrial and employment land. Typically projections contained in the EOA are prepared for 5-year and 20-year planning horizons.

The EOA update (Attachment A) was prepared by Johnson Economics. Johnson Economics also prepared the City’s 2009 EOA. The EOA update covers the twenty-year period from 2018 to 2038. The sections below summarize key findings and conclusions contained in the EOA update.

Employment Estimate

As of 2018, Forest Grove has an estimated 9,260 jobs across a range of industries. This number includes employment subject to unemployment insurance benefits, self-employed people, and many small businesses. The 2018 employment estimate prepared by Johnson Economics indicates Forest Grove’s employment has rebounded since the 2009 recession and increased slightly. The largest share of current employment is in education services with about 3,000 employees. Education is followed by manufacturing with about 1,500 employees.

Johnson Economics estimates that employment in Forest Grove will increase by about 2,700 employees by 2038 across a range of categories as shown below. Additional detail is provided in the EOA.

Category	Employment Increase
Education	730
Healthcare	480
Leisure and Hospitality	430
Warehouse, Transportation, Information, Administration	380
Manufacturing	230
Retail	170
Construction	150
Other Services	120

Target Industries:

Based on Forest Grove’s competitive advantages, clustering and locational attributes, a number of potential target industries have been identified in the EOA update.

- Agriculture, food and farm products;
- Tourism and winery development;
- Education services;
- Retirement services; and
- High technology firms.

Forest Grove competitive advantages support these target industries include:

- Proximity to high-quality farmland and water supply;
- Existing food processing industry with workforce expertise;
- Presence of Pacific University;
- High quality of life;
- Geographic position near outdoor recreational opportunities; and
- Proximity to Oregon's largest high technology cluster;

In general, Oregon's largest export industries are largely favorable to Forest Grove and Washington County businesses. This includes the products of skilled manufacturing, such as semiconductors and electronic components, as well as agricultural and processed food products.

Industrial and Other Employment Land Supply

Forest Grove has an ample supply of industrial land. Based on current estimates Forest Grove has a supply of about 240 buildable acres designated for industrial use and another 20 acres designated for non-industrial employment needs.

Industrial and Other Employment Land Projections

Johnson Economics estimates the City needs 40 to 50 acres of land suitable for future industrial development. This includes about 10 acres of land needed for industrial uses and about 35 acres for non-industrial employment including offices for healthcare, education and retirement services, and retail needs.

Overall Conclusions

- Land supply exceeds demand for industrial employment over the 20-year planning period.
- The demand for non-industrial employment land will exceed supply over the 20-year planning period.
- The analysis indicates there may be a significant oversupply of designated industrial land in Forest Grove and some of this land could be repurposed for other employment uses.

The EOA update was presented to the Economic Development Commission EDC for discussion on November 1, 2018. Members of the EDC discussed several aspects of the EOA including the

impacts of the 2009 recession on local employment, the prospect of a surplus of industrial land, the cost of infrastructure needed to serve vacant industrial land, and how the employment projections are developed. The EDC reached consensus that the Commission would like to be involved in future discussions about repositioning industrial land for other uses. The (EDC) adopted a motion, on a unanimous 8-0 vote, to accept the EOA update. The EDC meeting minutes summarizing the Commission's discussion is attached (Attachment B).

The EOA update was also presented to the Planning Commission on February 4, 2019, for review and recommendation. The Planning Commission asked for clarification about some of the terms and definitions used in the EOA. The Commission also discussed the relationship between the EOA and Economic Development Strategic Plan being updated by the Economic Development Commission. In addition, the Commission discussed transportation plans and the impact on industrial development. The Planning Commission adopted a motion, on a unanimous 5-0 vote, to recommend City Council accept the proposed update to the City of Forest Grove's 2009 Economic Opportunities Analysis and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the updated EOA as an appendix to the Plan. The Planning Commission meeting minutes summarizing the Commission's discussion is attached (Attachment C).

FISCAL IMPACT:

Adoption of the EOA update as an appendix of the Comprehensive Plan has no fiscal impact on the City.

Criteria and Findings

Adoption of the EOA update is a Council legislative action since the EOA addresses a statewide planning goal and the Comprehensive Plan. Therefore, adoption of the EOA requires approval of an ordinance adopting the EOA and amending the Comprehensive Plan to include the EOA as a Plan appendix. Criteria contained in the following policy documents guide this legislative action:

- Comprehensive Plan Policies;
- Metro Regional Framework Plan Policies;
- Metro Urban Growth Management Functional Plan Policies; and
- Applicable Oregon Statewide Land Use Planning Goals.

Findings addressing compliance with applicable policies are attached as an exhibit to the ordinance.

STAFF RECOMMENDATION:

Staff recommends the City Council approve the attached ordinance adopting the Economic Opportunities Analysis update and amending the Forest Grove Comprehensive Plan to include the EOA update as an appendix to the Plan.

ATTACHMENT(s):

- A. Economic Development Commission Meeting Minutes, November 1, 2018.
- B. Planning Commission Meeting Minutes, February 4, 2019.
- C. City of Forest Grove Economic Opportunities Analysis, Public Hearing Draft, December 21, 2018 (Exhibit A) and Exhibit B, Planning Commission Findings.



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Attachment A

ECONOMIC DEVELOPMENT COMMISSION
THURSDAY NOVEMBER 1, 2018
McMENAMINS GRAND LODGE – ALICE INKLEY ROOM

Timothy Rippe, Council Liaison
Jeff King, Staff Liaison
Tim Budelman
Brad Bafaro
Steve Krautscheid
Bruce McVean
Tom Raabe
Kevin Yamada

James Draznin, Chair
Hope Kramer, Vice Chair

Lois Hornberger
Mark Nakajima
Jennifer Prickett
Kevin Emerick
Guy Storms
Howard Sullivan
Javier Urenda

All public meetings are open to the public and all persons are permitted to attend any meetings except as otherwise provided by ORS 192:

➔ Citizen Communications – Anyone wishing to speak on an issue not on the agenda should sign in for Citizen Communications prior to the meeting. The presiding officer will call the individual or group by the name given on the sign in form. Each person must state his or her name and give an address for the record.

All public meetings are handicap accessible. Assistive Listening Devices (ALD) or qualified sign language interpreters are available for persons with impaired hearing or speech. For any special accommodations, please contact the City Recorder, at (503) 992-3235, at least 48 hours prior to the meeting.

ATTENDEES:

James Draznin Howard Sullivan Bruce McVean
Lois Hornberger Guy Storms Tim Budelman
Mark Nakajima Howard Sullivan
Kevin Emerick

COUNCIL PRESENT:

Timothy Rippe

CITY STAFF:

Jesse VanderZanden
Jeffrey King, ED Program Manager
Shannon Reynolds, Admin. Specialist

ALSO ATTENDING:

Wanda Frazier (Pacific University Staff), Kelsey Lewis (Pacific University student intern), Dan Riordan (City of Forest Grove Planning), Brendan Buckley (Johnson Economics)

1. CALL TO ORDER:

The meeting was called to order at 12:06 p.m. by Mr. Draznin, EDC Chair.

2. CITIZEN COMMUNICATION:

Pam Sprague entered the meeting from the public. She has applied to the EDC and asked if she could listen in on the EDC meeting today. She was allowed entry to the meeting.

3. APPROVAL OF ECONOMIC DEVELOPMENT COMMISSION MINUTES:

Mr. Draznin asked for a correction to the minutes that his term ends June 2019 not December as noted. Tim Budelman moved to accept the October meeting minutes as amended. Howard Sullivan seconded. The motion passed unanimously.

4. ADDITIONS/DELETIONS:

NONE

5. BUSINESS:

A. McMenamins – Host Update:

NONE

B. Forest Grove Chamber Update:

Howard Sullivan updated with information on the Rise and Shine on Nov. 2nd from 8-9 a.m. at the Wellness Group (3307 19th Ave).

Mention of the ribbon cutting on Friday, Nov. 9, at the Forest Grove Coffee Company. The company is owned by two former Forest Grove High School students that have moved back to the area.

Mr. Sullivan has been in contact with Vicki VanLoo from Forest Grove High School. They are interested in anyone who would be willing to come in and give mock interview practice to the students. The high school will also be conducting their annual Veteran’s Day assembly on Friday, Nov. 9, at 9:30 a.m. He encouraged everyone who is able to attend. They do an excellent job recognizing our local veterans.

Sunday, Nov. 11, at 3:30 at the Senior Center there will be a “Peace Pole” dedication given by the Day Break Rotary. They will be honoring our veterans as well.

Community Night at Valley Art on Nov. 16th.

Nov. 23rd at 6 pm the Senior Center will hold the annual tree lighting. Howard thanked the City of Forest Grove for providing the tree. December 1st at 5 pm, will be the annual light parade. The parade is themed “Deck The Halls”. It will begin at the north end of Main Street and conclude at Main and 19th.

C. Council Update:

Councilor Rippe provided an update: The council is looking at proposed preliminary drawings of the new police facility. Facility location is on the corner of 19th and Birch Street. Many objectives were taken into consideration for this site, such as keeping with the historic downtown appearance, security, transparency and access, as well as environmental awareness issues.

City of Forest Grove Watershed: The watershed is 4,225 acres of land near Gales Creek. The watershed provides just over 50% of Forest Grove's city water. Two-thirds of the watershed can be harvested for timber. This past year 65 acres were thinned and 19 acres were cleared in patches of timber. Between the two harvests 1.9 million board feet of timber was sold. Due to high timber prices and the quality of wood harvested the City of Forest Grove was able to net approximately 1.2 million dollars this year. \$320,000.00 was set aside for the management and maintenance of the watershed. The remaining amount was placed into a fund to acquire new land. The City of Forest Grove owns most of the land near the watershed but not all (some inside and some outside). Stimson Lumber and Oregon State are the other two landowners inside the watershed. The City of Forest Grove would like to buy or trade for some of that land. In hopes, this would give us the ability to maintain more control over the quality of the watershed and its habitat.

The council approved Mr. VanderZanden to sign a "memorandum of understanding" with the City of Cornelius to extend North Holladay Street in Cornelius to connect with Forest Grove. It will involve a bit of a jog between the two cities. This may incur developing a neighboring property to connect these two points. Guy Storms inquired about the connecting street or location of this project. Mr. VanderZanden clarified that there is only one connection point; however, no stipulations on how to get to that point. It will be up to each city to decide how they will access that given point of connection. James Draznin asked if there would be any disturbances to already existing city improvements to make this connection. Traffic on 24th would be the main concern.

The committee reviewing the bylaws for boards and commissions met to discuss and propose their ideas in regards to purposes, memberships, terms, office, etc., for all twelve boards and commissions. Since then the full council has had two work sessions based on the recommendations given from the sub-committee. Councilor Rippe will continue to update more in the future as decisions are made.

D. EOA – Economic Opportunity Assessment Presentation: Dan Riordan and Brendan Buckley

Dan Riordan handed out a presentation that was given to the City Council on the recent updated Economic Opportunity Analysis that was completed by Johnson Economics. The EOA has 6 primary sections: Economic trends, target industries, employment land needs, inventory of vacant and re-developable employment land (industrial and commercial), reconciliation of 5 and 20 year land demand to the existing inventory, and last is the summary of findings and their policy implications.

Mr. Riordan mentioned the EOA draft findings are available on the City's website. Both the 2009 EOA and the current EOA are available. EOA's are done to concur with state law related to land availability needs. Preliminary data from the EOA update was presented to the Planning Commission on June 4th. The EOA will be presented to the EDC before City Council is asked to formally adopt the EOA this fall. Mr. Riordan further mentioned that when the EOA was done in 2009 data did not reflect the "great recession" and economic recovery very well. It is important to keep that in mind when looking at the current data. The current EOA represents a twenty year period from 2018-2038. It is not intended to be an economic strategy but is helpful when trying to prepare an economic strategy.

Currently there are 9,200 employees working in Forest Grove. The employment growth trend has been relatively flat since 2009, with total growth of 1.5% due to job loss during the recession. Employment is projected to increase at approximately 3,000 jobs from 2018-2038. The largest employment increase would come from education and healthcare. Based on these projections about 40-50 acres that are designated "industrial use" could be absorbed over the next twenty years. The current growth supply is 240 acres. "Mixed use" land needs are projected to be approximately 150-170 acres, with our current supply of only 55 acres. The analysis appears to show an over- supply of Industrial land. One of the recommendations would be to look at that available land for possible re-positioning. A few options are to retain the existing land designations for a period longer than twenty years, re-designating land for more "mixed use" needs or lastly, re-designating the property for be used for residential needs. It could also be a combination of these options. Dan reiterated the EOA is just a base line to go by and there will be much more analysis that will guide further decisions. Staff would appreciate any ideas or comments from the EDC.

Mr. Riordan introduced Brendan Buckley from Johnson Economics to answer any questions.

Mr. VanderZanden, Forest Grove City Manager, inquired about the timeline of data collected on job employment during the recession period. Brendan replied the data was also including a year or two prior to 2009 and may not be an

accurate representation of employment during the recession and years following. The rate of employment from 2010 and forward increased at a much faster rate. Brendan also clarified that Forest Grove's employment growth was a bit slower than the surrounding metro areas. Projections going forward come from the State Employment Department and Metro's most recent forecast with the current jurisdictions in the area.

Bruce McVean mentioned that before it was said we didn't have the land needed for growth, however the EOA shows a surplus of acres available. Jeff clarified that there are different tiers of property available and if we can transition some of our land into different zoning it would allow for adequate land usage.

Jesse VanderZanden and Tim Budelman commented on the importance of maintaining awareness to the surrounding jurisdictions of Forest Grove. The implications of what the metro area does with their land could greatly impact land use needs for Forest Grove. Mr. Budelman also mentioned his concern with Metro and their willingness to release some of their "reserved" land for use when land availability is an issue.

Kevin Emerick brought up the question of infrastructure cost when developing land. Which type of land inquires the most expense? Mr. Riordan responded that residential generally is the most expensive to develop due to road infrastructure. Brendan Buckley stated the value of industrial land is generally much lower than commercial or residential. Mr. VanderZanden also reiterated that this analysis only shows an over supply of available land for the next twenty years. This information is only helpful in that it raises awareness to the council about any policy changes that may need to be made.

Howard Sullivan asked Mr. Buckley if he projects the same population growth rate over the next 20 years. He responded that Metro gives data to support a growth rate of 1.5-2.0% annually which is a little more than the current rate.

Mr. Rippe asked about the data used in forecasting job creation, and how that information is obtained. Brendan explained that it is based on current strengths and distribution of employment. It does not take in to account the impact that a large business that moves into this area may have on the economy. This type of data is very difficult to capture in the analysis.

Mr. Draznin concluded the presentation with the summary that we seem to have an oversupply of industrial land that may require some re-zoning for future use. Mr. VanderZanden added that council is only asking the EDC for any concerns or corrections that they feel are needed to the EOA and that Council will ultimately decide on acceptance of the report. Once accepted it will be added to the City of

Forest Grove's comprehensive plan. Mr. Draznin moved to accept the EOA report. The EDC accepted the report unanimously.

E. Board Member Size Discussion:

Councilor Rippe updated with the boards and commissions review of bylaws. The EDC is a non-statutory commission, meaning there is no requirement that Forest Grove have an Economic Development Commission. In terms of membership for all boards and commission the recommendation to council will be, unless otherwise specified, to allow no more than 9 members on any board or commission. Those members are there to represent the entire city instead of one particular group. The mixture of these members is also being reviewed. Current membership allows for one student as a non-voting member. The new recommendation would be to retain that student member for each board or commission but change them to a voting member status. This would allow for more participation at the student level.

Another change is adding to the EDC's purpose. They would be responsible for recommending how the money that is received from the Urban Renewal Agency would be allocated. Council feels that the EDC is the appropriate group to take on this task. Councilor Rippe also mentioned that with this responsibility it may stipulate that some of the members are from within the Urban Renewal Agency boundary.

City Council is relying on the EDC's recommendation on how the changes will be made and implemented to the EDC. Mr. VanderZanden mentioned there will be an open house informational meeting addressing all the recommended changes to the boards and commissions. It will be held on November 19th from 5:30-7 p.m. at the City Auditorium. December and January will then be used to allow all the boards and commissions, council liaisons, and staff liaisons the chance to review and give feedback to City Council. City Council will then have another work session in February or March on finalizing changes.

Jeff King inquired on guidance as to how many voting members versus non-voting members for the EDC, as well as what might be done with the current voting members such as Pacific University. Councilor Rippe added that council will look to the direction of EDC on who is determined to be a voting member or not. No decisions have been made as to whether non-profits can be voting members. Councilor Rippe added that if the voting membership is limited to nine, those members would have a greater responsibility in representing the community to the EDC.

Kevin Emerick added that he feels strongly that Pacific University remain a voting member. Mark Nakajima mentioned the category descriptions for each member may need to be addressed as well. He sees a distinction between “uptown” retail and “downtown” retail or commercial.

Mr. VanderZanden reiterated that options are endless as to how the EDC chooses to structure their commission. Changing the “titles” will be up to EDC on how that will look.

Councilor Rippe updated on the new proposed recruiting process. In the past, filling vacancies within each board and commission was an all year long process. Looking forward council is hoping to start recruitment in September with interviews held in October and November and appointments made by the end of December. All of the boards and commissions term dates will begin in January and all terms will be held for four years. If a vacancy comes up there will be a pool of applicants to choose from and the vacancy will be filled from that pool. That person would then finish out the remainder of that term only. If there is no applicant available that vacancy will remain open until filled by the next terms recruitment. He also mentioned that once the four year term is up, they will require that member to re-interview with the council to ensure each member is still a good fit for that position. The chair position will be slightly different. It cannot be held for more than 24 consecutive months. However, there is no limit on the amount of times a member serves in that position. The key idea is to maintain rotational leadership.

Mr. VanderZanden added they will also be implementing more council time for each board and commission. This will allow for better communication between each board or commission and city council.

Howard Sullivan questioned the new attendance policy. Councilor Rippe added that each board or commission must meet at a minimum of 4 times per year. For members of the board or commission, attendance is mandatory and you are expected to attend each meeting. If you miss more than 3 consecutive meetings in a 12 month period you will receive an email from the city recorder notifying you that you may be subject for removal. The Chair then has the option to make a recommendation for that member to be removed.

Mr. Draznin commented on the economic impact that Pacific University has on our community and reiterated their importance to the EDC. Lois Hornberger commented on Pacific Universities behalf that they would not be offended if they were not a voting member, however she feels it would be important that Pacific University would not lose their “voice” in the community and with the EDC. Their impact on this community is great. She also added the importance of listening to

the various liaisons and relying on the impact they have to the commissions. Mr. Sullivan mentioned the EDC currently has (5) liaisons and they have the option of giving a report each month.

F. Strategic Plan – Introduction:

Jeff King handed out an outline of the City of Forest Grove's Strategic Plan for 2015-2018. He encouraged everyone to start thinking about what changes may need to be made and future discussion will be held in the next meetings.

6. STAFF AND BOARD MEMBER COMMUNICATIONS:

Mr. King mentioned the Oregon Business Summit that is put together by some of Oregon's top business leaders. It will be held on December 3rd. The EDC has funds set aside in the budget to send a couple members. If you are interested, please let Jeff know.

Pacific University has a performing arts series on Sunday called "Gypsy Jazz".

On December 1st, Holiday in the Grove begins at 8:30 in the morning and concludes at 8:30 p.m. It will start with Breakfast with Santa and continue throughout the day with more than 35 activities.

7. ANNOUNCEMENT OF NEXT MEETING:

Mr. Draznin announced that the next meeting of the EDC will be on Thursday, December 6, at 12:00 noon in the Alice Inkley Room at McMenemy's Grand Lodge

8. ADJOURNMENT:

James Draznin adjourned the meeting at 1:33 p.m. by consensus.

Respectfully submitted by:
Shannon Reynolds
Admin. Specialist
City of Forest Grove

Approved by the Forest Grove Economic Development Commission:

Date: _____ DECEMBER 6, 2018



A place where families and businesses thrive.

Planning Commission
Community Auditorium
1915 Main Street, Forest Grove, OR
Monday, February 4th, 2019, 7:00 pm

1. **CALL TO ORDER:**

Vice Chair Phil Ruder called the meeting to order at 7:03 p.m. Roll Call:

Planning Commission Present: Phil Ruder, Vice Chair; Commissioners Dale Smith, Lisa Nakajima, Ginny Sanderson and Hugo Rojas.

Planning Commission Excused: Chair Tom Beck and Commissioner Sebastian Bannister Lawler.

Staff Present: Community Development Director Bryan Pohl; James Reitz, Senior Planner; Dan Riordan, Senior Planner; Cassi Bergstrom, Planning Commission Coordinator.

2. **PUBLIC MEETING:**

2.1 **PUBLIC COMMENT PERIOD FOR NON-AGENDA ITEMS:**

None.

2.2 **PUBLIC HEARING:**

A. File No. 311-18-000035-PLNG –Site plan approval and design review of a proposed 9-unit apartment building located at 2838 19th Avenue

Vice Chair Ruder opened the quasi-judicial public hearing at 7:05 p.m., reading the hearing procedures, and asked for disclosure of any conflicts of interest, ex-parte contacts, bias, or abstentions. There were none, and no challenges from the public. He called for the staff report.

James Reitz, Senior Planner, gave the staff report and went over an email that was received February 4th from an owner of the neighboring property. Mr. Reitz gave a slideshow presentation, showing the zoning boundary running along the backside of the vacant lot. A buffer area would be required due to the zoning boundary. The property slopes to the south, and there is an easement to the east for storm/sewer lines which predicated the orientation of the apartments. Mr. Reitz gave specifics on the minimum requirements of setbacks, as well as the orientation of the apartment buildings on the lot. The utility plan was shown, noting that all runoff would need to be intercepted.

Mr. Reitz went on to explain each of the staff recommended conditions proposed: Landscape plan with required buffer, tree protection plan, sidewalk installation along 19th Avenue, a walkway adjacent to the building, lighting plan, a roofed trash enclosure, and habitable rooms facing car park or the street shall have a window.

A trespass issue was brought up in the recent email, and fence height was recommended to be 8 feet tall. Mr. Reitz explained to the Commission that due to these proposed apartments being for residential use, the maximum Development Code allows is 6 feet fence height. The buffer area will require a wall with a minimum 10 foot distance from the neighboring property.

Commissioner Nakajima inquired about the driveway approach location and width. Mr. Reitz responded it will stay in the same location but will be required to be widened.

CORRESPONDENCE:

An email was received February 4th, 2019 from the owner of the neighboring property stating concerns regarding runoff and chronic trespassing.

APPLICANT:

David Green, 47266 SW Carpenter Creek Rd, Forest Grove, OR 97116:

Mr. David Green came forward and addressed the Commission. He stated that this project was very difficult to design due to the long, skinny lot dimensions but minimum density was met. He went on to explain that the units will be two bedrooms, two and a half bathrooms with a carport. Mr. Green referenced the email received and the concern about trespassing, and stated he is willing to build a fence to prevent foot traffic coming through.

Commissioner Rojas asked if the applicant had any problems with the city's proposed conditions, and the applicant responded that he is fine with all conditions.

Vice Chair Ruder, referencing the email received about the concern of trespassing, wondered if the applicant is willing to work with the neighboring property owner in building a fence. Mr. Green stated he is willing to build a fence to prevent foot traffic coming through.

Commissioner Nakajima inquired what the habitable space next to the carport is, and Mr. Green responded the kitchen, living room, and half bath are located on the first floor.

Mr. Green could have designed three story structures on the vacant lot, but he felt as if it would overpower the area and neighboring structures.

PROPONENTS:

None.

OPPONENTS:

None.

OTHER:

Kenneth Kearns, 2828 19th Ave, Apt 7, Forest Grove, OR 97116:

Mr. Kenneth Kearns came forward and addressed the Commissioners, voicing his concerns about the traffic causing more backups, construction noise being impactful, and the lighting in the parking lot being on all day and night. Turning off of 19th Avenue into their neighboring parking lot can be difficult.

Vice Chair Ruder asked Mr. Reitz about the lighting guidelines, and Mr. Reitz stated there are lighting requirements within the code to focus the lighting downward.

REBUTTAL:

The applicant agreed with Mr. Kearns and his concerns.

Chair Beck closed the public hearing at 7:40 p.m.

COMMISSIONER DISCUSSION:

Vice Chair Ruder opened up the floor for discussion.

Commissioner Nakajima and Vice Chair Ruder both agreed the proposed plan works for the complicated dimensions of the site.

Commissioner Rojas wondered about requiring an 8 foot fence height with the neighboring property. Commissioner Sanderson didn't think there is a reason to go above the maximum code requirement of 6 feet in height. Vice Chair Ruder agreed, and proposed a condition be required to have a fence be built along the southeast side of the shared property line with the trespassing issue.

Commissioner Rojas moved a motion to approve file number 311-18-000035-PLNG – Site plan and design review of a 9-unit apartment building located at 2838 19th Avenue, with staff conditions and an added condition requiring a fence along the southeast shared property line. Commissioner Dale Smith seconded the motion.

Roll Call Vote: AYES: Vice Chair Ruder; Commissioners Nakajima, Rojas, Sanderson, and Smith. NOES: None. ABSENT: Chair Beck; Commissioner Bannister Lawler. MOTION CARRIED 5-0.

B. File No. 311-18-000044-PLNG –Planning Commission recommendation to City Council accepting the proposed update to the City of Forest Grove's 2009 Economic Opportunities Analysis and Amending the Forest Grove Comprehensive Plan

Vice Chair Ruder opened the legislative public hearing at 7:46 p.m.

STAFF REPORT:

Dan Riordan, Senior Planner, gave a presentation outlining the background of the Economic Opportunities Analysis (EOA), which was last updated in 2009 and did not reflect the impacts of the Great Recession. Johnson Economics was hired by the city to update the EOA, and the planning period is a 20 year span. The Economic Development Commission will come up with the economic development strategy, led by Jeff King, Economic Development Coordinator.

Mr. Riordan went over the purpose of the EOA, how it is organized, legislative requirements, statistics of land supply, demand, along with projected employment growth. Staff recommends the Planning Commission forward a recommendation to the City Council to accept the proposed update to the City's 2009 EOA and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the updated EOA as an appendix to the plan.

COMMISSIONER DISCUSSION:

Commissioner Rojas asked for clarification on some terms and definitions used within the EOA, and inquired about the Economic Development Commission. Vice Chair Ruder commented that transportation development plans are one of many added variables that cannot be included in the report without changing it wildly. Mr. Riordan stated that was an excellent point, as trends are to be looked at when coming up with the numbers.

CORRESPONDENCE:

Mr. Riordan stated the only correspondence received was from the Department of Land Conservation and Development, and was responded to by the City.

PROPOSERS:

None.

OPPOSERS:

None.

OTHER:

None.

Vice Chair Phil Ruder closed the public hearing at 8:09 p.m.

COMMISSIONER DISCUSSION:

Commissioners agreed the information provided was very well written and the facts were interesting.

Commissioner Dale Smith moved a motion to approve file number 311-18-00044-PLNG – Planning Commission's recommendation to City Council accepting the proposed update to the City of Forest Grove's 2009 Economic

Opportunities Analysis and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the updated EOA as an appendix to the plan. Commissioner Lisa Nakajima seconded the motion.

Roll Call Vote: AYES: Vice Chair Ruder; Commissioners Nakajima, Rojas, Sanderson, and Smith. NOES: None. ABSENT: Chair Beck; Commissioner Bannister Lawler. MOTION CARRIED 5-0.

2.3 ACTION ITEMS:
None.

2.4 WORK SESSION ITEMS:

A. Potential Development Code Text Amendments

James Reitz explained that this was a free discussion on potential Development Code text amendments. General direction for code amendments was needed in regards to the Accessory Dwelling Unit (ADU) code, sign code, and housing types allowed in the Town Center Commercial district.

Mr. Reitz went on to inquire if Commissioners would think that small manufactured dwellings be allowed as ADUs. Commissioners discussed the designs on various manufactured homes and to what design standards they could be held to, if any. Mr. Reitz explained that 720 square feet is the maximum square footage for ADUs, and an ADU is defined as an accessory structure with sleeping quarter(s), cooking facility, and bathroom.

Vice Chair Ruder inquired about the permit fee on an ADU, and Mr. Reitz responded that it is around \$18,000 to permit. Commissioners discussed the different options of manufactured homes, tiny homes, and staff will draft a text code amendment for a future meeting.

Mr. Reitz went on to discuss a proposed text amendment regarding manufactured homes as allowed housing type within the Town Center and Community Commercial zoning districts, and whether the Commission would want to allow them. Vice Chair Ruder stated the zoning area is meant to be encouraged for higher density, and Mr. Reitz explained that his only ammunition to encourage high density is what is written within the code.

Mr. Reitz explained to the Commissioners the difference between Neighborhood Commercial and Community Commercial, giving an example of Plaid Pantry as Neighborhood Commercial. Commissioners went through each housing type individually, and requested slides next time to give visual examples for an understanding of density targets.

Mr. Reitz went on to the next potential Development Code text amendment involving signs. Off premise signs cannot have content regulated, as stated in the

First Amendment, so some language cleanup is needed within the code. Other questions presented to the Commission: Feather banners or blown-air device regulations be added to the sign code; should monument signs be allowed in the TCC and TCT zoning districts; and should signs permitted in the NMU zoning district be the same as those permitted in the CC/CN zoning districts. Commissioners discussed the various potential amendments with staff. Commissioners decided for a future amendment to make an allowance for some air blown devices/feather banners and allow for monument signs by the ROW within the TC zone.

Mr. Reitz had one last amendment to discuss regarding the green building certifications. Councilor Valfre suggested "LEED Certification" be replaced with "Green Building Certification" as it allows more flexibility and a cheaper path in construction to meeting the certifications. This is appropriate in the interests of promoting affordable housing within the city. The State has chosen to allow Earth Advantage Certification or OHCS Green Building, and is based off points on a table for each "green" amenity. City Staff will have to do more research in figuring out the point table structure and regulations. Commissioners believe it is reasonable to discuss this as a Development Code amendment.

Mr. Reitz asked the Commission if there is anything else within the Development Code that needs to be amended. Commissioner Nakajima reminded staff that a future amendment needs to be discussed regarding how many on street parking spaces should be considered for development. Mr. Reitz stated he is holding off on that amendment until he has a downtown parking study to pull hard data from. Commissioner Nakajima brought up the example of Forestplace Apartments and the lack of parking, but Mr. Reitz responded that the landlord allegedly charges extra for parking on the lot and that is not something the city can regulate.

3.0 BUSINESS MEETING:

3.1 APPROVAL OF MINUTES:

There were no meeting minutes for approval.

3.2 REPORTS FROM COMMISSIONERS/SUBCOMMITTEES:

None.

3.4 DIRECTOR'S REPORT:

Mr. Pohl stated that a design review for the Wauna Credit Union will be coming up in March.

3.5 ANNOUNCEMENT OF NEXT MEETING:

The next meeting will be held on March 4th, 2019.

3.6 ADJOURNMENT:

The meeting was adjourned at 9:06 p.m.

Respectfully submitted by:

Cassi Bergstrom
Cassi Bergstrom
Planning Commission Coordinator



Economic Opportunity Analysis (EOA) Update

City Council
Public Hearing

April 8, 2019

Purpose

- Staff is requesting City Council hold a public hearing and consider approving an ordinance adopting an update to the City's 2009 Economic Opportunities Analysis (EOA).
- The EOA is a supporting document to the City's Comprehensive Plan and is required by Statewide Planning Goal 9 (Economic Development) and Oregon Administrative Rules.
- A work Session previewing key findings and conclusions contained in the update was held with City Council on September 10, 2018.
- The Economic Development Commission reviewed the EOA on November 1, 2018.
- The Planning Commission also reviewed the EOA on February 4, 2019.

Background

- Goal 9 requires that cities and counties review and as necessary amend their comprehensive plans to provide an economic opportunities analysis comparing land demand for industrial and other employment uses to the current supply.
- The analysis must be based on national, state, regional and local economic trends and the City's competitive advantages.

Background

- The City's industrial and employment land was last reviewed in 2009 to support the update of the Forest Grove Comprehensive Plan.
- The data supporting the 2009 EOA did not reflect impacts of the Great Recession and subsequent recovery.

Background

- Much has changed since 2009. In addition to the recession and recovery:
 - The City created the Business Industrial Park and Neighborhood Mixed Use zone which allow for a variety of employment uses.
 - The state legislature expanded the City's urban growth boundary north of David Hill Road. Some of this area is designated Neighborhood Mixed Use allowing up to 150,000 square feet of retail and/or office uses.
 - In addition, the City annexed about 36 acres near the Taylor Way Industrial Park that is now zoned Business Industrial Park.

Background

- The City retained Johnson Economics to update the EOA. Johnson also prepared the 2009 EOA.
- The planning period covered in the updated EOA is 20-years (2018 – 2038).
- While the EOA is not an economic development strategy the data in the EOA could be helpful for preparing one.
- Since the EOA addresses a statewide planning goal it must be formally adopted by the Council as a supporting document to the Comprehensive Plan.

Background

- The EOA is organized into six primary sections:
 - Economic Trends;
 - Target Industries;
 - Employment Land Needs;
 - Inventory of vacant and redevelopable employment land. This includes industrial and commercial zoned land in the City;
 - Reconciliation of 5 and 20-year land demand to the existing inventory; and
 - Summary of findings and policy implications.

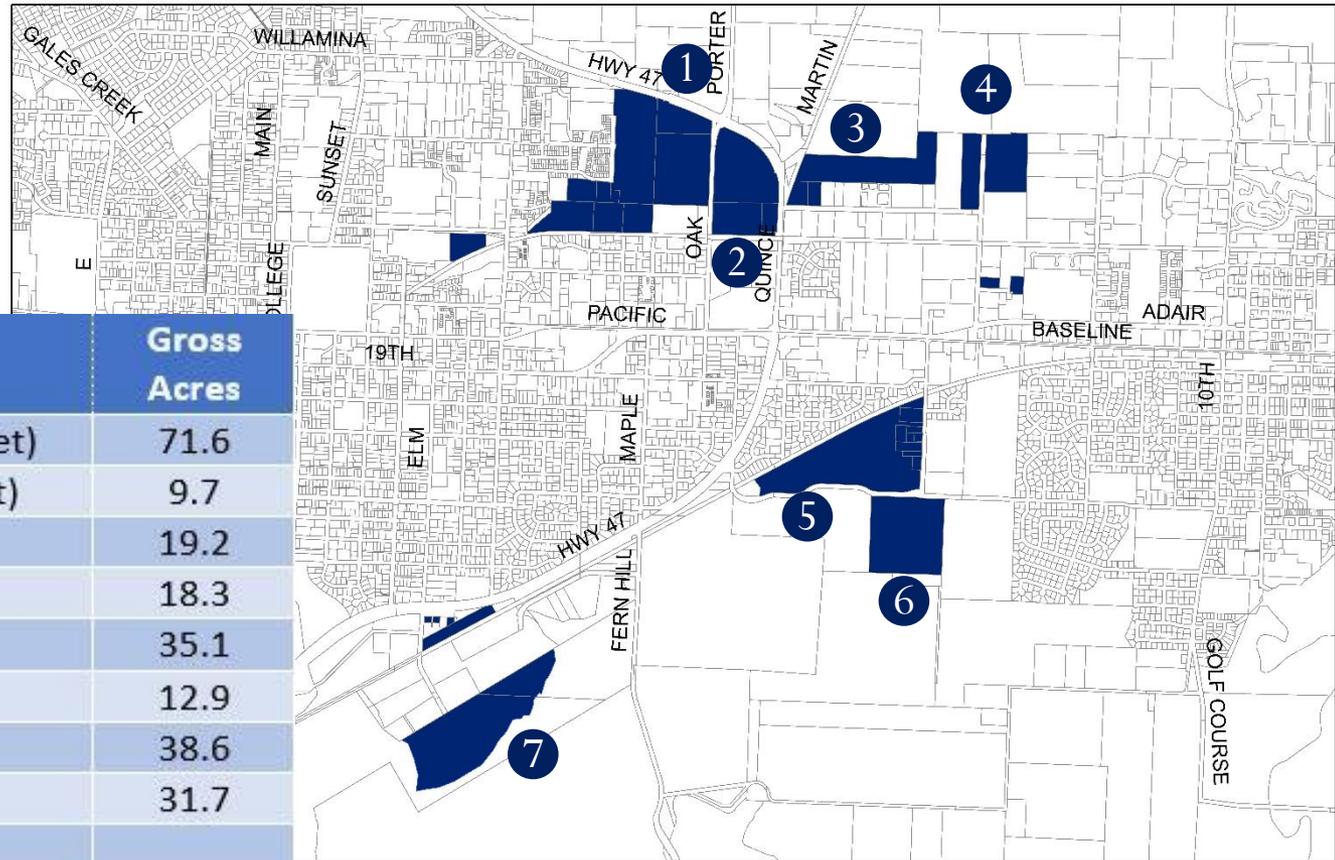
Key Takeaways from the Update

- There are about 9,260 employees working in Forest Grove.
- Employment has rebounded and expanded slightly since the Great Recession.
- Employment is projected to increase by about 2,700 jobs between 2018 and 2038 across a range of employment categories:
 - 730 education
 - 480 healthcare
 - 430 leisure and hospitality
 - 380 warehouse, transportation, information, administration
 - 230 manufacturing
 - 170 retail
 - 150 construction
 - 120 other services

Existing Buildable Land Supply

- The existing industrial land supply is about 237 gross acres including land in the City and the UGB.

Industrial Land Supply

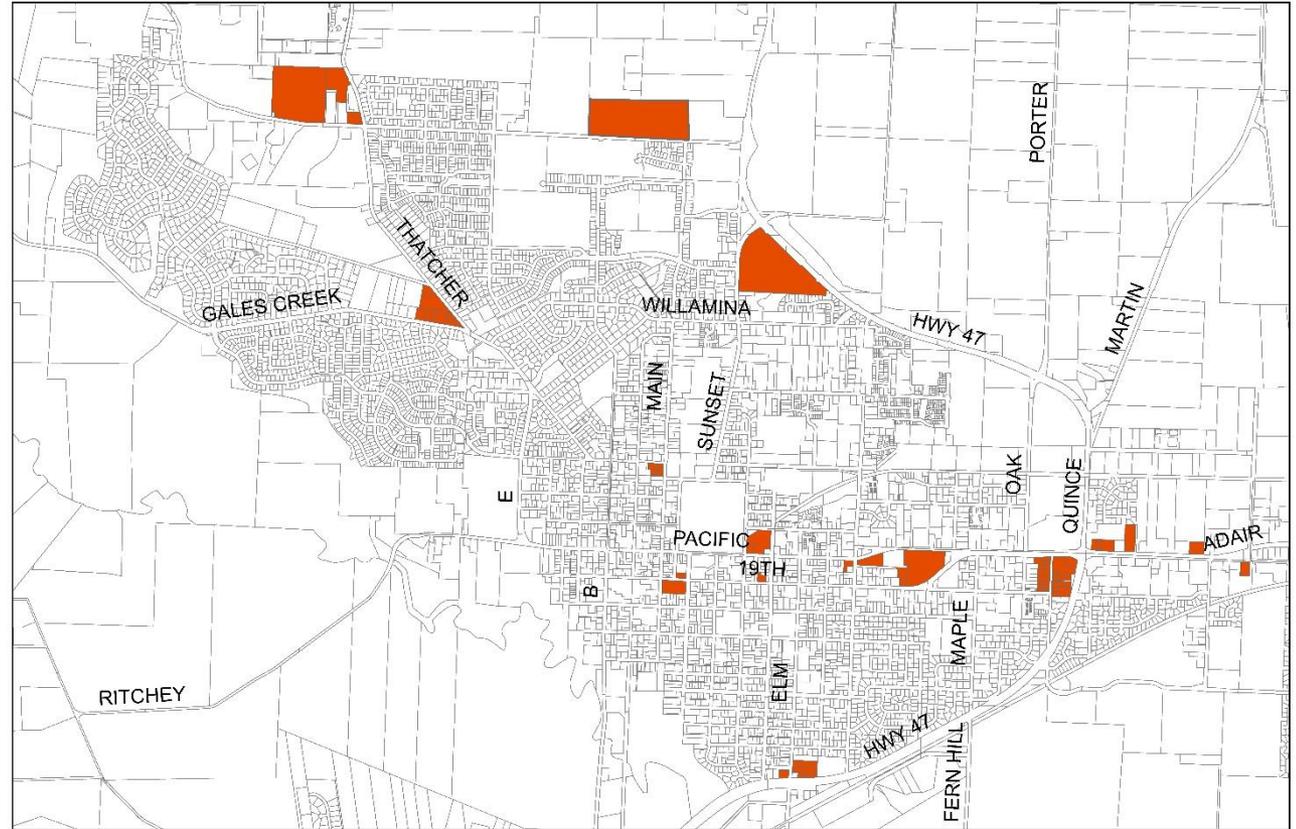


	Site	Gross Acres
1	Woodfold (Oak Street)	71.6
2	Masons (Oak Street)	9.7
3	Evers	19.2
4	Hennigsen	18.3
5	Merix/TTM	35.1
6	White Oak River	12.9
7	Haworth	38.6
	Other Sites	31.7
	Total	237.1

Existing Buildable Land Supply

- The existing Mixed Use Land Supply is 55 acres.
- This includes the “Albertson’s Site” portions of neighborhood mixed use areas and properties along the corridor that have potential to redevelop or intensify along the corridor.

Mixed Use Land Supply



City Land Need

- The chart below shows the 20 year land supply needed by land use category.

Use Category	Total Acres Demanded
Office	22
Institutional	36
Flex Space / Business Park	22
General Industrial	13
Warehouse	20
Data Center	1
Retail	46

Land Supply & Demand Reconciliation

Industrial Reconciliation		
Supply	5-Year Demand	20-Year Demand
237 acres	10 acres	46 acres
Surplus/Deficit	227 acre surplus	191 acre surplus

Includes:

- Flex space / Business Park
- General Industrial
- Warehouse
- Data Center

Land Supply & Demand Reconciliation

Mixed-Use Reconciliation		
Supply	5-Year Demand	20-Year Demand
55 acres	37 acres	140 acres
Surplus/Deficit	18 acre surplus	85 acre deficit

Includes:

- Office
- Institutional
- Retail

Conclusions

- Based on Forest Grove's current competitive advantages, clustering and locational attributes Johnson Economics identified several target industries for Forest Grove:
 - Agriculture, Food and Farm Products;
 - Tourism and Winery Development;
 - Education;
 - Retirement Services; and
 - High Tech
- Oregon's largest export industries are largely favorable to Forest Grove and Washington County in general. This includes skilled manufacturing and agriculture and food processing.

Conclusions

- Current buildable land supply appears sufficient to meet short term needs for both industrial and mixed-use categories.
- However, over the long term current buildable land supply appears insufficient to meet long term needs for mixed-use.

Conclusions

- This leads to a policy question for future discussion:
 - Should some industrial land be “land-banked” for industrial needs beyond the next 20 years; or
 - Should some of the industrial land be re-designated for other employment uses or perhaps mixed use with a combination of residential development, retail, office, or flexible space.
- The EOA provides a basis to inform these future discussions.

Recommendation

- Based on staff's review of the EOA and comments provided by the Economic Development Commission and Planning Commission, staff recommends that City Council approve an ordinance:
 - Adopting the Economic Opportunities Analysis (EOA) Update; and
 - Amending the Forest Grove Comprehensive Plan to add the EOA Update as an appendix to the Plan.

A large, light green graphic of three oak leaves arranged in a circular pattern, framing the central text.

The End



A place where families and businesses thrive.

NOTICE OF PUBLIC HEARING FOREST GROVE CITY COUNCIL

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold a **Public Hearing** on **Monday, April 8, 2019**, at **7:00 p.m.** or thereafter, in the Community Auditorium, 1915 Main Street, to review the following:

PROPOSAL:	Forest Grove Economic Opportunities Analysis Update
Applicant:	City of Forest Grove
File Number:	311-18-000044-PLNG
Criteria:	The update to the Economic Opportunities Analysis is a legislative amendment to the Forest Grove Comprehensive Plan. The update shall address applicable Comprehensive Plan policies, Metro Regional Framework Plan, Metro Urban Growth Management Functional Plan, and Oregon Statewide Land Use Planning Goals
Background:	The Economic Opportunities Analysis Update may be viewed on the City of Forest Grove Community Development webpage at http://www.forestgrove-or.gov/planning

At this time and place, all persons will be given reasonable opportunity to give testimony about the proposal responds to the review criteria. If an issue is not raised in the hearing (by person or by letter) or if the issue is not explained in sufficient detail to allow the City Council to respond to the issue, then that issue cannot be used for an appeal to the Land Use Board of Appeals. If additional documents or evidence are provided in support of an application, any party shall be entitled to a continuance of the hearing. Unless there is a continuance, if a participant so requests before the conclusion of the initial evidentiary hearing, the record shall remain open for at least seven days after the hearing. For further information, including requesting a continuance, please call Senior Planner Daniel Riordan at 503.992.3226 or e-mail driordan@forestgrove-or.gov.

A copy of the staff report is available seven days prior to the hearing at the City Recorder's Office or by visiting the City's website at www.forestgrove-or.gov. Written comments or testimony may be submitted at the hearing or sent prior to the hearing to the attention of the City Recorder's Office, P. O. Box 326, 1924 Council Street, Forest Grove, OR 97116, aruggles@forestgrove-or.gov.

Anna D. Ruggles, CMC, City Recorder
City of Forest Grove

Published Wednesday April 3, 2019
FG NewsTimes

Date: APRIL 8, 2019

Agenda Item: 6.

Subject: PUBLIC HEARING AND FIRST READING OF ORDINANCE NO. 2019-01 ADOPTING AN UPDATE TO CITY OF FOREST GROVE 2009 ECONOMIC OPPORTUNITIES ANALYSIS AND AMENDING FOREST GROVE COMPREHENSIVE PLAN; FILE NO. 311-18-000044-PLNG

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.

Please sign-in below to testify.

PROPOSERS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OPPOSERS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OTHERS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

Please continue on Page 2:

ORDINANCE NO. 2019-01**ORDINANCE ADOPTING AN UPDATE TO CITY OF FOREST GROVE
2009 ECONOMIC OPPORTUNITIES ANALYSIS AND AMENDING
FOREST GROVE COMPREHENSIVE PLAN; FILE NO. 311-18-000044-PLNG**

WHEREAS, City Council approved Resolution 2010-71 adopting the 2009 Economic Opportunities Analysis (EOA) to support the update to the Forest Grove Comprehensive Plan; and

WHEREAS, An EOA is required for compliance with Statewide Planning Goal 9 (Economic Development) and Oregon Administrative Rules Chapter 660, Division, 9, Section 15; and

WHEREAS, Oregon Administrative Rules directs that cities review, and as necessary, amend their comprehensive plans and provide an economic opportunities analyses describing national, state, regional, and local economic trends and comparing the demand for industrial and other employment uses to the existing supply of such land; and

WHEREAS, an update to the 2009 EOA was prepared by Johnson Economics to provide current and accurate information pertaining to economic trends, economic opportunities, and supply and demand for industrial and other employment uses; and

WHEREAS, the EOA was completed to the satisfaction of the City; and

WHEREAS, the Economic Development Commission considered the EOA update on November 1, 2018, and adopted a motion supporting the findings contained in the EOA update and recommended City Council acceptance; and

WHEREAS, The Oregon Department of Land Conservation and Development (DLCD) reviewed the EOA and provided comments to the City on December 6, 2018; and

WHEREAS, the City revised the EOA update to address DLCD comments; and

WHEREAS, the Planning Commission held a duly-noticed Public Hearing on February 4, 2019, to accept public comment on the EOA update and to consider recommending City Council adoption of the EOA update; and

WHEREAS, the Planning Commission adopted a motion on February 4, 2019, recommending that City Council accept the EOA update and amend the Forest Grove Comprehensive Plan to add the EOA update as an appendix to the Plan.

WHEREAS, City Council held a duly-noticed Public Hearing on April 8, 2019, and continued the Public Hearing to April 22, 2019.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1: The City Council hereby adopts the Economic Opportunities Analysis Update dated December 21, 2018, attached as Exhibit A.

Section 2: The City Council hereby amends the Forest Grove Comprehensive Plan to include the EOA update as an appendix to the Plan.

Section 3: The City Council adopts the Planning Commission's findings, attached as Exhibit B.

Section 4: Resolution No. 2010-71 is hereby repealed upon the effective date of this ordinance.

Section 5: This ordinance is effective 30 days following its enactment by the City Council.

PRESENTED AND PASSED this 8th day of April, 2019.

PASSED the second reading this 22nd day of April, 2019.

Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 22nd day of April, 2019.

Peter B. Truax, Mayor