HOOD RIVER ECONOMIC OPPORTUNITIES ANALYSIS

June, 2011

FCS GROUP

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Hood River Economic Opportunities Analysis

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Hood River EOA Technical Appendix E – Draft Land Use Code Amendments

SECTION I: INTRODUCTION

The Hood River Economic Opportunities Analysis (EOA) will serve as a basis for the City of Hood River to document and adopt local policies and actions that help make Hood River a "more economically viable" community while maintaining a good quality of life for residents, businesses, and workers.

A. OREGON REGULATORY REQUIREMENTS

The City of Hood River is undergoing a periodic review of its Comprehensive Plan per State of Oregon requirements. As part of the Comprehensive Plan update, the City must address the requirements of Goal 9 (Economic Development, OAR 660-009). Goal 9 requires cities to periodically review and update the following:

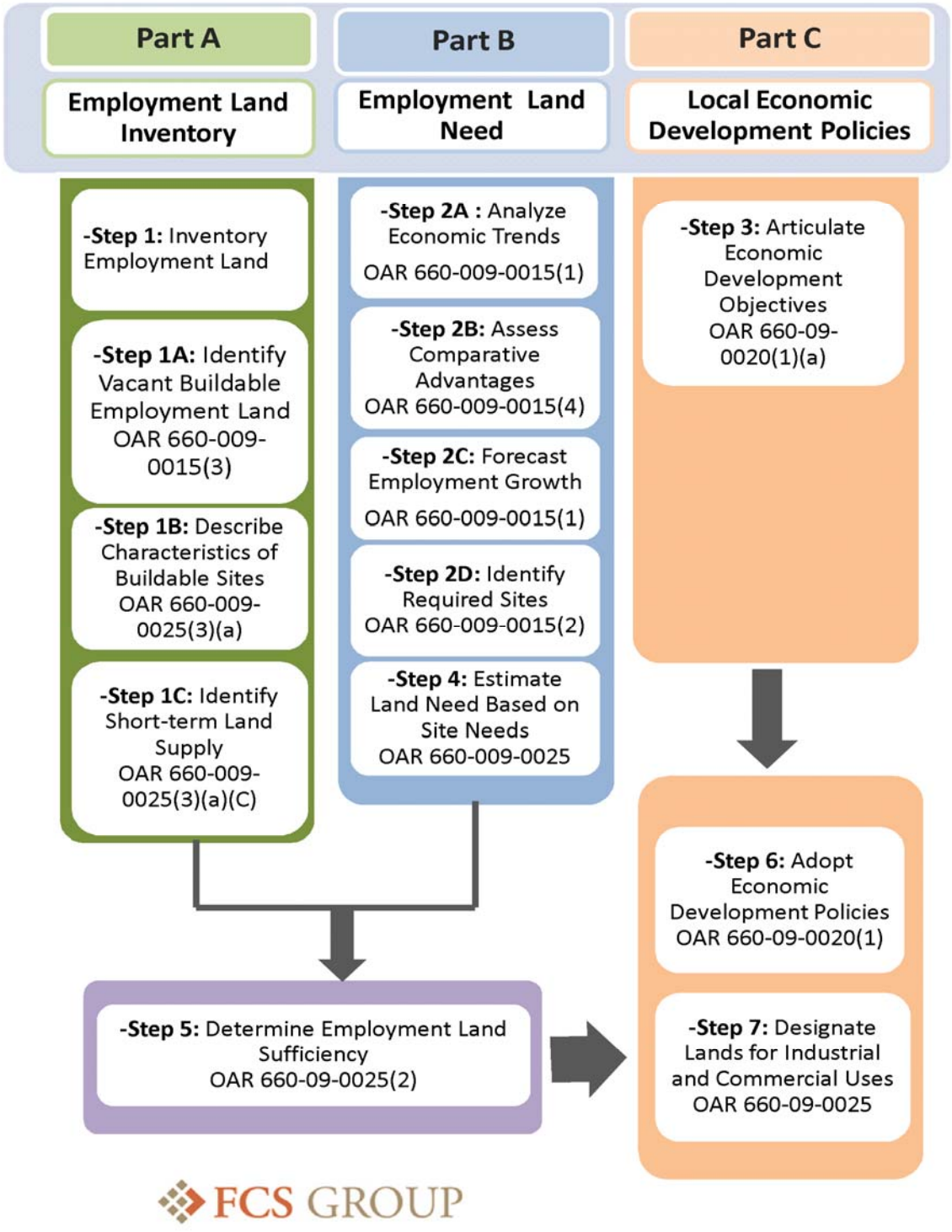
- Local vision for strengthening local economies through the adoption of local economic policies that include community economic development objectives (CEDOs).
- Local urban growth requirements (land needs) for providing an adequate land needed to accommodate 20-year employment growth forecasts. Land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

B. METHODOLOGY AND APPROACH

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

To assist the City and consultant team with creating the EOA and refining key assumptions, the City formed a local Hood River EOA Technical Advisory Committee (TAC) comprised of several leading community members. The EOA also included a cross-section of City, Hood River County, and Columbia River Gorge regional public staff members and private business and citizen representatives. During the preparation of the EOA, the TAC met on three separate occasions. TAC meeting notes are provided in **Hood River EOA Technical Appendix A.**

Figure 1. Hood River EOA Methodology and Approach



SECTION II: BUILDABLE LAND ANALYSIS

In accordance with OAR 660-009-0015(3) and OAR 660-009-0025(3)(a)(C), the existing supply of buildable employment zoned land within the Hood River Urban Growth Boundary (UGB) was inventoried and evaluated as part of the EOA. The Hood River EOA includes a recent buildable land inventory completed by the City of Hood River Planning Department staff using Geographic Information Systems (GIS) data that is consistent with current land use development characteristics.

A. BUILDABLE LAND INVENTORY (BLI) METHODOLOGY

The buildable land inventory (BLI) analysis focused on the land use classifications that support employment uses, including commercial and industrial zones. In light of limited employment development potential allowed in the R-3 and RC zones, the subsequent BLI work focuses on C-1, C-2, LI, I, U-C-1, U-C-2, U-LI, and U-I zones for meeting future vacant land needs for the Hood River UGB.

The BLI analysis included existing vacant and part vacant (sub-dividable) tax lots with adjustments made to deduct any current building and related parking development. The GIS analysis included all significant environmental constraints to estimate buildable land area within the Hood River EOA. The buildable land area was derived by deducting environmental features that would constrain the amount of potential site development on vacant and part vacant areas. For purposes of this analysis, the environmental constraints were calculated for each site using estimates for land constrained by the following: environmentally constrained areas (waterways, wetlands, riparian buffers); slopes over 25 percent; and other known site development constraints identified by City planning staff.

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

B. LONG-TERM EMPLOYMENT LAND INVENTORY

The existing vacant and part vacant land inventory for the Hood River includes 95 tax lots with a total buildable land area of 111.9 buildable acres, as indicated in **Table 1.** Hood River's vacant land supply consists of 69 small (0.2 to 1 acre) tax lots, 22 tax lots between 1-5 acres in size. The larger tax lots include 3 lots with 5-10 acres (22.5 acres total), and 1 tax lot over 10 acres in size (10.5 acres total).

Please refer to **Hood River EOA Technical Appendix B** for additional detail on the BLI method used to determine the BLI.

Table 1. Vacant and Part Vacant Lands by General Land Use Zone Class, Hood River UGB

	.0.2 to 0.5 acre		.5 to 1 acre		1 to 2 acre		2 to 5 acre		5 to 10 acre		10 or more acre		Total Gross Buildable (less 25% slopes)	
Land Use Zoning Classification	**tax-lots**	**acres**	**tax-lots**	**acres**	**tax-lots**	**acres**	**tax-lots**	**acres**	**tax-lots**	**acres**	**tax-lots**	**acres**	**tax-lots**	**acres**
C-1/U-C-1 - Office Residential	2	0.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	**2**	**0.7**
C-2/U-C-2 - Commercial	38	11.4	11	9.7	9	22.1	4	11.4	1	8.2	1	10.5	**64**	**73.3**
I/LI- Industrial/Light Industrial	13	4.7	5	3.5	7	8.3	2	7.1	2	14.3	0	0.0	**29**	**37.9**
Subtotal Employment Land	**53**	**16.8**	**16**	**13.2**	**16**	**30.4**	**6**	**18.5**	**3**	**22.5**	**1**	**10.5**	**95**	**111.9**

Source: City of Hood River and Real Urban Geographics, April 1, 2011.

C. SHORT-TERM EMPLOYMENT LAND INVENTORY

In addition to the long-term land supply, OAR 660-009-0005 also requires the identification of a short-term supply of land meaning "suitable land that is ready for construction within one year of an application of a building permit or request for a service extension." OAR 660-009-0025 also requires that cities must provide "at least 25 percent of the total land supply within the urban growth boundary designated for industrial and other employment uses as short-term supply." For EOA planning purposes, the "short-term" is defined as a period of less than five years from EOA adoption.

In Hood River's case all of the land supply currently included within the Hood River UGB, excluding the tax lots located in the "east-end" area (near Button Bridge Road) are considered to be within the short-term supply category. The City engineering staff has determined that there are approximately six tax lots near Button Bridge Road (over one-half acre in size) with a total of 6.1 acres of vacant and part-vacant land are that will not likely be developed with more intensive employment uses for at least six years due primarily to inadequate water and sewer infrastructure capacity for this area. According to the City's planning staff, the preliminary cost estimates for extending water and sewer services to these tax lots is estimated to cost approximately $2.0 million (2011 dollars).

The "west gateway" area of Hood River is an area that currently lacks adequate transportation infrastructure. Primary transportation constraints include inadequate spacing between the existing alignment and poor level of service characteristics at Country Club Road/Cascade Avenue intersection and the adjacent I-84 interchange ramps. However, the City intends to work closely with Oregon Department of Transportation (ODOT) and affected property owners to realign County Club Road to Cascade Avenue via Mt. Adams Avenue. They also plan to refine and adopt the interchange management plan for this area, which would include a capital improvement plan that provides adequate transportation facilities within five years. The west gateway area includes approximately 15 tax lots with 45 net buildable acres of employment land area.

After removing the Button Bridge Road tax lots from the short-term land supply, and assuming that all other tax lots in the Hood River UGB can be served with adequate public facilities within five years, Hood River appears to clearly meet the statutory requirements for short-term land supply, with 60.8 vacant and part vacant acres, 54 percent of total employment zoned acreage, classified as short-term land supply. However, given the importance of the west gateway area to the overall employment land supply in Hood River, the City should adopt specific policies aimed at refining and adopting

land use, infrastructure and funding strategies for the west gateway area, and completing strategic planning work over the next 1 to 3 years.

D. REGIONAL EMPLOYMENT LAND CONSIDERATIONS

In addition to documenting existing vacant and buildable land area within the Hood River UGB, consultant team members also evaluated current listings for commercial and industrial vacant lands and buildings within the Columbia Gorge Region. The regional analysis of competitive land and buildings was based primarily on website listings, broker listings, and interviews with regional economic development managers in Hood River, Wasco, Skamania, and Klickitat counties. The regional land and building inventory findings reflect a total of 545 acres of industrial land area being currently available within the Columbia Gorge Region, but a fairly limited supply of competitive vacant commercial and industrial building floor area (less than 10,000 square feet of competitive vacant floor area excluding the Wind River Nursery in Skamania County), as indicated in the **Hood River EOA Technical Appendix B.**

SECTION III: EMPLOYMENT TRENDS

In accordance with OAR 660-009-0015(1-4), an analysis of economic trends and local competitive advantages was conducted to prepare employment growth forecast for the Hood River UGB. Local economic development visions, goals and objectives were also considered in this process to inform the growth forecast scenarios.

A. EMPLOYMENT TRENDS ANALYSIS

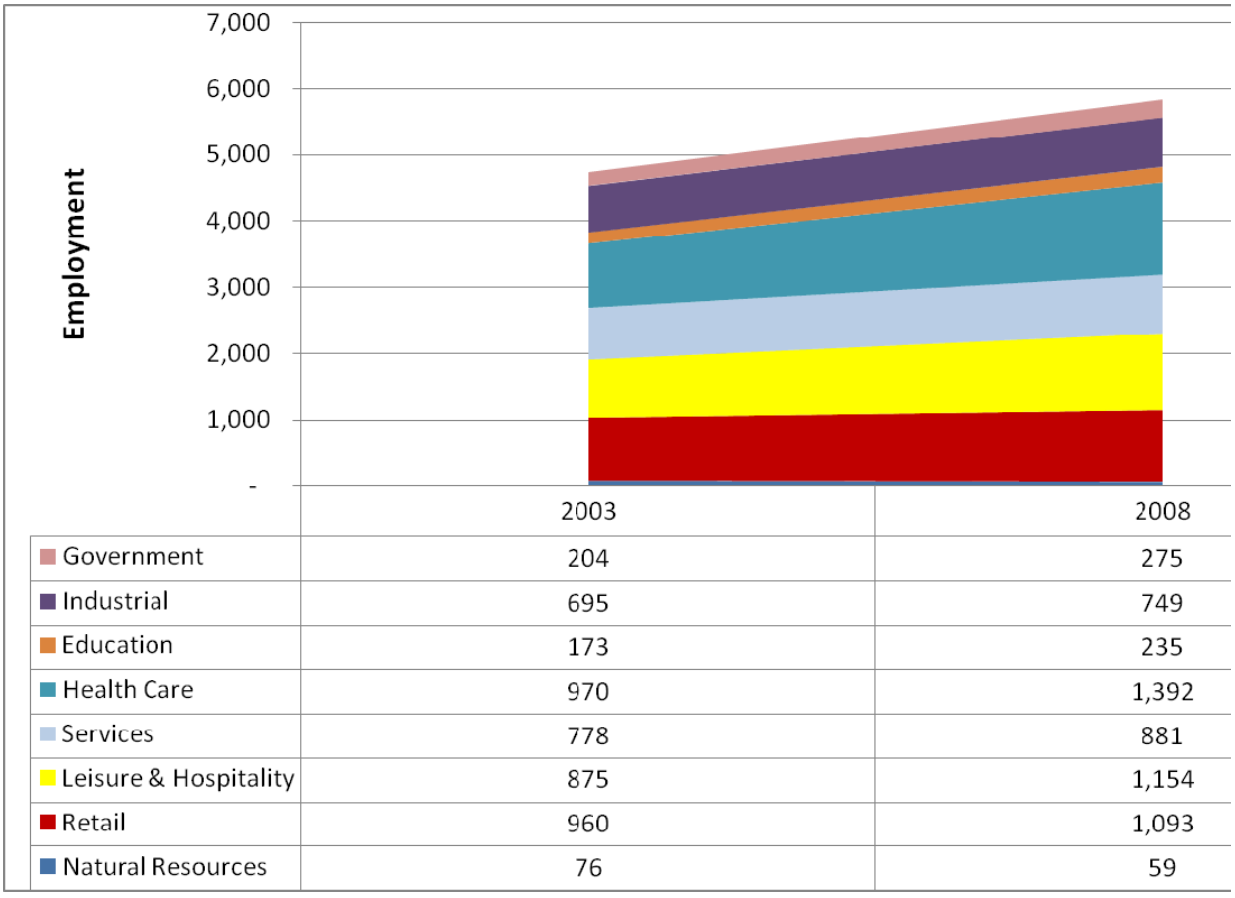
Hood River is a rural city (population 6,955 as of July 1, 2010) located in the heart of the Columbia River Gorge National Scenic Area between Mt. Hood and the Columbia River. The City of Hood River has grown measurable over the past few decades in population, employment and seasonal visitation. Today, the City functions as a bi-state regional rural service center and is a national and international tourism destination for water sports and other recreational activities.

The City's proximity to the greater Portland Metropolitan Region and agricultural commodities (including fruit crops, wineries, lavender, etc.) and wind energy farms in Oregon and Washington, makes the area a favorable location for food processing operations, technology and recreation-oriented businesses, and commuters that work part-time or full-time at businesses in the greater Portland Metropolitan Region (Portland Region).

It is apparent that the continued growth of the Portland Region will influence demographic and economic growth of both the City of Hood River and Hood River County. Population in the Portland Region increased from 1,928,000 to 2,185,000 people between 2000 and 2008 (July 1 estimate). The Portland Region is forecasted to increase in both population and jobs over the foreseeable future. Metro (the regional government for the Portland area) forecasts the Portland Region to add between 346,500 and 467,300 people over the next 10 years. This level of population growth in the Portland Region will likely have some "spillover" impacts on the City and County.

According to the Oregon Employment Department (OED), there were approximately 5,753 covered workers that were listed as people employed at local businesses within the Hood River Urban Growth Boundary (UGB) in 2008. As indicated in **Figure 2**, these workers reflect an estimate of the nonfarm "covered employment" only, which tends to exclude workers that are self-employed and/or part-time workers that do not pay unemployment insurance to the State of Oregon.

Figure 2. Nonfarm Employment Trends, Hood River UGB, 2003 and 2008



	2003	2008
Government	204	275
Industrial	695	749
Education	173	235
Health Care	970	1,392
Services	778	881
Leisure & Hospitality	875	1,154
Retail	960	1,093
Natural Resources	76	59

Source: Oregon Employment Department, 2008; compiled by FCS GROUP.

Most new job growth within Hood River County and the Hood River UGB is occurring among self-employed and *Stage 1* business entities with 2 to 9 workers per establishment. According to data estimates by Dunn and Bradstreet Corporation, OED and FCS GROUP, there were approximately 824 self-employed entities and 1,259 *Stage 1* entities in Hood River County in 2008, of which about one-half were located within the Hood River UGB.

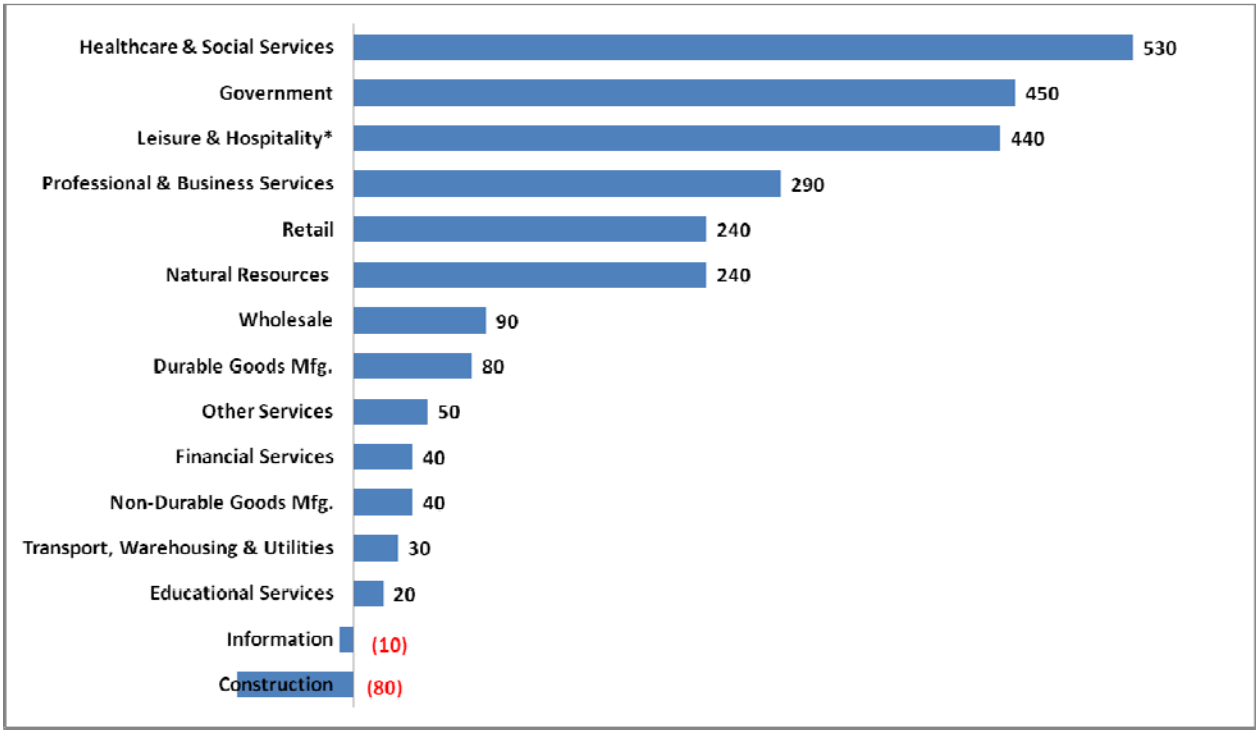
The Hood River UGB added an estimated 307 net new entities between 2003 and 2008. About nine out of ten new entities added in the Hood River UGB had less than ten employees. The Hood River UGB also added 24 net new *Stage 2* entities (10 to 99 workers each) and one *Stage 4* entity (500-plus workers) during this time frame.

B. HOOD RIVER EMPLOYMENT GROWTH FORECASTS

Employment growth is forecasted to continue to occur within the Oregon Region 9 (portion of the Columbia Gorge Region). As indicated in **Figure 3,** the 10-year job growth forecasts for OED Region 9 portend a positive trend towards job growth for all industry sectors, except the information and construction sectors. The OED expects the number of jobs in Region 9 to increase by 2,450 jobs

over the next 10 years, increasing from 25,740 jobs in 2008 to 28,190 jobs by 2018. The sectors that are expected to grow the fastest in Region 9 include: healthcare and social services; government; leisure and hospitality; professional and business services; retail; natural resources; wholesale trade; and durable goods manufacturing (goods that last at least 3 years).

Figure 3. Region 9 Nonfarm Employment Forecast, 2008-2018



Source: Oregon Employment Department; Region 9 includes Hood River, Wasco, Gilliam, Sherman and Wheeler counties.
** Leisure and hospitality sector includes restaurants, hotels, motels and other forms of lodging.*

The EOA project consultant team prepared a range in employment forecasts for the Hood River UGB that is intended to coincide with Oregon Administrative Rules and Goal 9 requirements.

Three employment growth forecast scenarios were formulated for the Hood River UGB:

- **Scenario A (low):** Applies OED Annual Average Growth Rate (AAGR) Forecast to current estimated of nonfarm employment within the Hood River UGB. This scenario results in relatively low potential employment growth.
- **Scenario B (medium):** Applies the upper-end of UGB Capture of County Growth (using OED AAGR). This scenario results in medium growth potential. **(Accepted by Council 6/2011**).
- **Scenario C (high):** Modified version of Scenario B, with planned employment center(s) consistent with city/county coordinated growth forecast (AAGR = 2 percent). This scenario assumes that one or two large industrial or research and development employers locate into the Hood River UGB on vacant "campus industrial research and development" sites with a total of 900 industrial jobs added over and above what would be expected to occur in Scenario B. This level of campus industrial job growth would require approximately 45 net buildable acres of industrial land for the campus industrial areas (assumes 20 jobs per acre). To achieve the overall employment growth rate of 2.0 percent AAGR in line with the city/county coordinated population forecast, FCS GROUP adjusted the retail and commercial trades and services sector job growth forecast by 10 percent above Scenario B.

The three job growth scenarios translate into net new employment growth forecast over the 2010-2031 timeframe ranging from: 1,502 jobs in Scenario A; 1,786 jobs in Scenario B, and 2,959 jobs in Scenario C (see **Table 2**).

Table 2. Hood River UGB Employment Growth Forecast Scenarios, 2010 to 2031

Sector	Estimated Existing 2010 Jobs in Hood River UGB [1]	Net New Hood River Job Growth		
		Scenario A	**Scenario B**	**Scenario C**
		Based on OED Region 9 Growth Rates Applied to Hood River UGB Job Sectors [2]	Based on High end of Hood River UGB Capture of Hood River County using OED Region 9 Growth Rate Forecast [3]	Modified Forecast, Based on Scenario C with New Employment Center(s); on par with City/County Coord. Pop. Growth Forecast [4]
Natural Resources	57	11	18	18
Retail & Commercial Trades	2,162	494	530	594
Services	2,610	761	835	935
Industrial/Other				
Industrial/Other	649	62	116	1,126
Government	275	62	287	287
Total	**5,753**	**1,502**	**1,786**	**2,959**

Notes:
*1. Derived from **Hood River EOA Technical Appendix C**.*
*2. Derived from **Hood River EOA Technical Appendix C**.*
*3. Derived from **Hood River EOA Technical Appendix C**.*
4 Assumes overall growth consistent with 2 percent AAGR (city/county coordinated population growth forecast with planned new employment center(s) that add 900 industrial jobs over and above Scenario B).

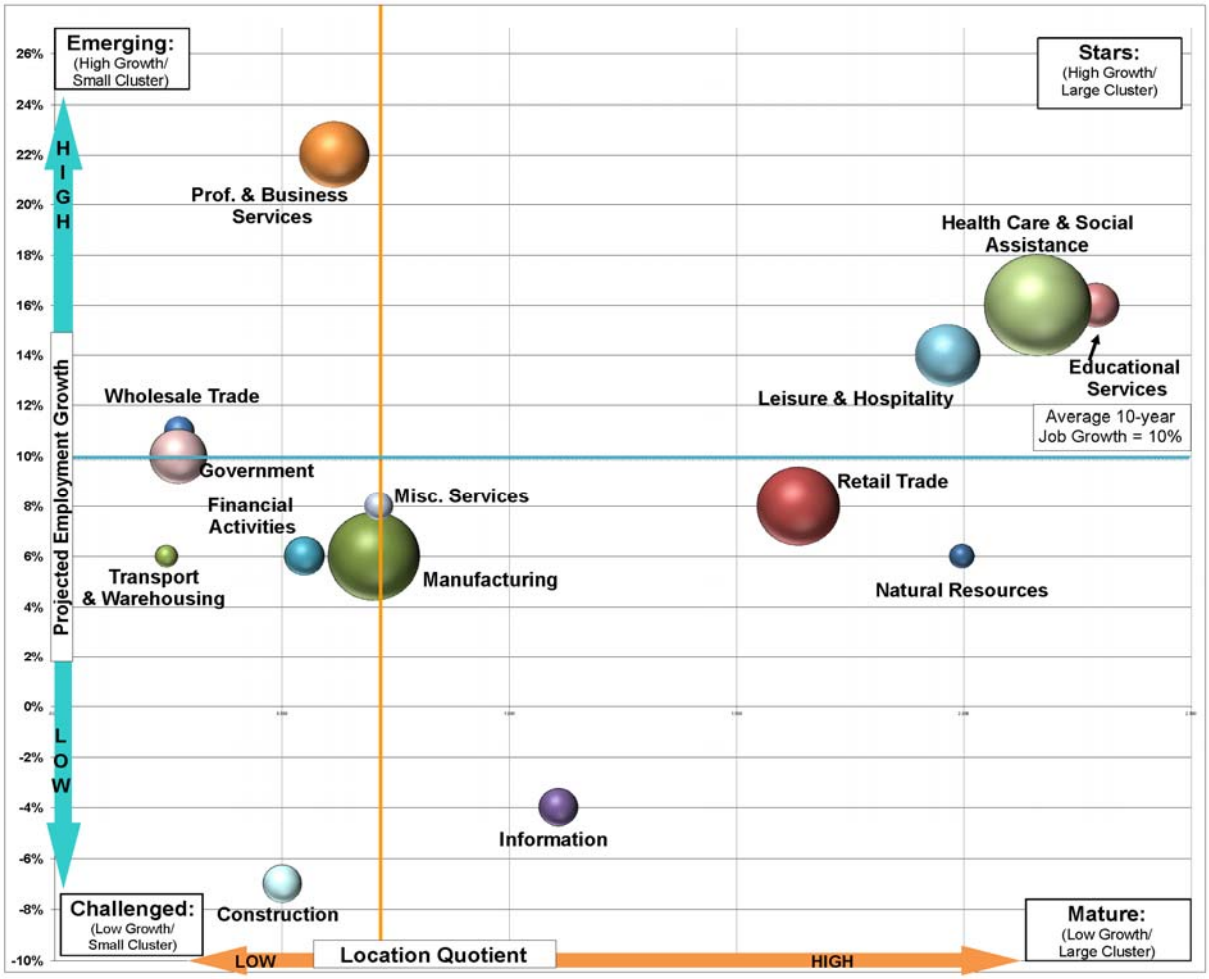
C. OPPORTUNITIES AND CONSTRAINTS ANALYSIS

Input from the TAC and local stakeholder interviews was considered to help evaluate the local desire and ability to achieve the low, medium, and high growth employment forecasts and to ascertain potential issues regarding meeting unique site requirements for small, medium, and large employers. The overall findings from an opportunities and constraints analysis are summarized in **Hood River EOA Technical Appendix C**.

D. TARGET BUSINESS CLUSTERS ANALYSIS

The business cluster analysis summarized in **Figure 4** identifies the business sectors within the Hood River region by their size and growth potential. Each sector has been analyzed by their North American Industrial Classification System (NAICS) code. This code is used by the federal government to classify types of businesses for tax accounting and economic research purposes. The data used for the clusters analyses were derived from the OED wage and salary employment statistics for the year ending in 2008. The size of bubbles in the following chart provides a relative comparison within each jurisdiction of the total direct wages paid to workers within each industry sector.

Figure 4. Analysis of Business Clusters in Hood River UGB, 2008



The recommended target clusters for Hood River take into account focused marketing and business recruitment efforts are being made by local organizations such as the Mid-Columbia Economic Development District (MCEDD), the Columbia River Gorge Technology Alliance, the Columbia River Wine Growers Association, the State of Oregon, and other entities to attract established and emerging business clusters to the region and State. The business and industry clusters that are currently being targeted by the Oregon Business Development Department, Portland Business Alliance, and the Portland Development Commission include advanced manufacturing, clean technology (with sustainability sub-clusters in green building, solar, and wind power), active wear/outdoor gear, and software.

The City of Hood River may target businesses that generally offer above-average wages and provide healthcare and retirement benefits that support families. According to the U.S. Bureau of Labor Statistics, the occupations that had the fastest growth and highest pay over the past 10 years nationally included computer systems analysts, registered nurses, computer support specialists, teachers, social workers, college faculty, computer programmers, engineering sciences, police officers, securities and financial services, physicians, advertising, marketing, management analysts,

electrical engineers, paralegals, writers/editors, commercial artists, and medical and health service managers.[1]

In light of these findings, it is recommended that the City focus on retaining and attracting a mix of existing and emerging business clusters that pay above average wages. This includes a mix of existing **established and emerging clusters**, including:

- Health services
- Advanced manufacturing (avionics, composite materials, electronics, etc.)
- Athletic/outdoor gear (wind sports gear, apparel, etc.)
- Clean technologies (renewable energy/utilities, research and development, etc.)
- Food and beverage processing (fruit juice, beer, wine, spirits, organic supplements, etc.)
- Creative services (computer software, electronic publishing, etc.)
- Advanced education/training (Columbia Gorge Community College related)

[1] *These findings are based on publications provided by JIST Works, including the Occupational Outlook Handbook, 2008-2009; and America's Fastest Growing Jobs by Michael Farr.*

SECTION IV: EMPLOYMENT LAND NEEDS

In accordance with OAR 660-009-0025, an analysis of 20-year land needs for employment growth in the Hood River UGB is required along with attention to unique site needs based on the identified employment types.

A. EMPLOYMENT SPACE NEEDS ANALYSIS

After accounting for the level of expected redevelopment activity, the amount of vacant land demand in the Hood River UGB for employment uses over the next 20-years is expected to range from 50 acres (Scenario A), 60 acres (Scenario B), and 109 acres (Scenario C). Preliminary estimates for vacant lands needs in Hood River UGB by general building type are provided in **Table 3.** Please refer to **Hood River EOA Technical Appendix C** for detailed methodology and supporting information.

The overall employment land needs forecasts for Hood River assume a relatively high level of redevelopment activity for strategic locations within the City, including downtown, and the 12th Street Corridor in the Heights. Much of the redevelopment is expected to occur on smaller lots with a mix of office and residential uses (particularly in R-3 zoning), which allows professional office (as a conditional use) and multifamily housing. Overall redevelopment activity within the Hood River UGB is expected to range from 114,000 to 206,000 square feet of net new redevelopment (building floor area), which is considered to be over and above the vacant land needs shown in **Table 3**.

Table 3. Hood River UGB Vacant Land Needs by General Land Use Zone Classification, 20-year Forecast (buildable acres)

Land Use Classification	Scenario A	Scenario B	Scenario C
Commercial/Retail (C2)	23	28	36
Employment/Office (C1)	16	17	20
Industrial/Government/Other (I/LI)	11	16	53
Total	**50**	**60**	**109**

*Analysis by FCS GROUP, based on assumptions shown in **Hood River EOA Technical Appendix C**.*

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

- The current uncertainty regarding the region's ability to retain and attract major employers.
- The City's potential to stimulate redevelopment of the west gateway area.
- The City's ability to work with ODOT to fund and construct required transportation and infrastructure improvements that can accommodate new commercial and industrial development on vacant lands, particularly in the west gateway area.

B. OVERALL EMPLOYMENT LAND NEED REQUIREMENTS

This Hood River EOA indicates that the existing Hood River UGB is adequate to accommodate the forecasted level of employment growth that is expected to occur under Scenario A and Scenario B, but not Scenario C, unless a very compact form of development occurs (i.e., 2-4 level buildings), or a UGB amendment. Hence, it is recommended that the City of Hood River pursue policies that implement job growth consistent with Scenario B (medium growth). Other issues with respect to achieving job growth forecasts associated with Scenario B are described in **Section V, Policy Actions**.

Industrial Land Need and Parcel Requirements

As indicated in **Table 4**, the medium growth scenario assumes 16 acres of net new industrial vacant land demand occurs over the next 20 years, which is above the estimated vacant industrial land supply of 38 acres (includes LI and I zoned tax lots). A preliminary expected forecast of demand by parcel size is also provided in **Table 4,** and assumes that most of the larger vacant industrial tax lots within the Hood River UGB will be absorbed over the next 20 years under the medium land use scenario.

Table 4. Hood River 20-Year Industrial Land Requirements

Land Demand and Supply	Scenario A - Low Growth (acres)	Scenario B - Medium Growth (acres)	Scenario C - High Growth (acres)
Demand (acres)	11	16	53
Supply (acres)	38	38	38
Land Surplus (supply less demand)	**27**	**22**	**(15)**
Preliminary Parcel Distribution, Medium Growth Scenario	**Existing Supply (tax lots)**	**Forecast of Parcel Demand (tax lots)**	**Surplus (tax lots)**
Less Than 1 acre	18	0	18
1 to 2 acres	7	0	7
2 to 5 acres	2	2	0
5 to 10 acres	2	2	0
10+ acres	0	0	0
Total Parcels or Tax Lots	**29**	**4**	**25**

Source: based upon findings included in demand and supply analysis.

Office Land Requirements

As indicated in **Table 5**, with an office (C-1) land supply of only 0.7 acres, Hood River does not have an adequate existing vacant office land supply to meet the land demand forecasts for all office growth scenarios. The medium land need scenario assumes 17 acres of net new office land demand, which is well above the vacant land supply (0.7 acres). Hence, new local land use or development code policies are needed to ensure that future office demand can be met on other lands within the Hood River UGB.

Table 5. Hood River 20-Year Office Land Requirements

Land Demand and Supply	Scenario A - Low Growth (acres)	Scenario B - Medium Growth (acres)	Scenario C - High Growth (acres)
Demand (acres)	16	17	20
Supply (acres)	0.7	0.7	0.7
Land Surplus or (Deficit) in Acres (supply less demand)	**(15.3)**	**(16.3)**	**(19.3)**
Preliminary Parcel Distribution, Medium Growth Scenario	**Existing Supply (tax lots)**	**Forecast of Parcel Demand (tax lots)**	**Surplus or (Deficit) tax lots**
Less Than 1 acre	2	5	(3)
1 to 2 acres	0	6	(6)
2 to 5 acres	0	2	(2)
5 to 10 acres	0	0	0
10+ acres	0	0	0
Total Parcels or Tax Lots	**2**	**12**	**(11)**

Source: FCS GROUP, based upon findings included in demand and supply analysis.

Commercial Land Requirements

As indicated in **Table 6**, with a commercial (C-2) land supply of 73 acres, the City appears to have an adequate existing vacant commercial land supply to meet the land demand forecasts for all commercial growth scenarios. The medium land need scenario assumes 28 acres of net new commercial land demand, which is well below the vacant land supply.

Please refer to **Hood River EOA Technical Appendix D** for additional supporting analysis regarding the reconciliation of Hood River vacant employment land supply and demand.

Table 6. Hood River 20-Year Commercial Land Requirements

Land Demand and Supply	Scenario A - Low Growth (acres)	Scenario B - Medium Growth (acres)	Scenario C - High Growth (acres)
Demand (acres)	23	28	36
Supply (acres)	73	73	73
Land Surplus in Acres (supply less demand)	**50**	**46**	**37**
Preliminary Parcel Distribution, Medium Growth Scenario	**Existing Supply (tax lots)**	**Forecast of Parcel Demand (tax lots)**	**Surplus (tax lots)**
Less Than 1 acre	49	4	45
1 to 2 acres	9	3	6
2 to 5 acres	4	2	2
5 to 10 acres	1	2	(1)
10+ acres	1	0	1
Total Parcels or Tax Lots	**64**	**11**	**53**

Source: FCS GROUP, based upon findings included in demand and supply analysis.

C. SITE REQUIREMENTS

In light of current limited supply of *large vacant development sites* within the Hood River UGB, (currently there are only two vacant commercial sites comprising 18.7 acres and two industrial sites comprising 14.3 acres) combined with the fact that there is a relatively large supply of vacant industrial land that exists elsewhere in the Columbia River Gorge Region (there were about 545 vacant acres being marketed within a 30- to 40- minute drive from Hood River as of January 2011), ***the medium growth forecast appears to be most consistent with local and regional growth policies, local buildable land inventory characteristics, and current market trends.***

The majority of the targeted businesses that consider expanding or relocating into Hood River will consist of small business operations (less than 10 employees) that can locate within existing professional office or industrial buildings, or within new office or flex/industrial buildings that are developed on vacant sites with less than 5 acres in size.

The City should also provide a variety of medium size sites (3 to 10 acres) that meet the targeted business and industrial requirements. The existing and potential businesses within the City can typically be grouped into three general land use categories: industrial, commercial, and office.

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

Once the remaining larger vacant sites are developed or acquired by businesses for future expansion (likely to occur within 20 years), large business establishments (over 100 employees) will have site size and infrastructure service requirements that cannot be easily met within the existing Hood River UGB. Typical site requirements for the larger targeted business types are described in **Table 7.**

Table 7. Typical Site Size Requirements for Targeted Business Types

	Small Users	**Medium Users**	**Large Users**
	Less than 10 jobs per business	*10 to 99 jobs per business*	*100+ jobs per business*
Industrial ■ Food & Beverage Processing ■ Advanced Manufacturing Athletic/Outdoor Gear Clean Tech	Building tenants in office or flex buildings. Can be accommodated in Hood River UGB.	2 to 6 acres per user. Prefers industrial or business park settings. Could be accommodated within Hood River UGB.	6 to 40 acres per user. Prefers industrial zoned areas. Not easily accommodated in Hood River UGB.
Office ■ Creative Services ■ R&D component of Manufacturing or Clean Tech	Existing office in downtown or flex buildings. Can be accommodated in Hood River UGB.	1 to 2 acres per user. Prefers commercial centers or light industrial/business park settings. Could be accommodated in Hood River UGB.	2 to 4 acres per user. Prefers business park setting with transit service. Could be accommodated in Hood River UGB.
Health Services	Growth likely to cluster near the Hood River Hospital area, and downtown in commercial/office buildings and planned redevelopment locations.		
Advanced Education/Training	Growth likely to occur around in the Heights near CGCC Hood River annex area in small infill and redevelopment locations.		

*Source: assumes site development requirements shown in **Hood River EOA Technical Appendix C**.*

SECTION VI: POLICY ACTIONS

In accordance with OAR 660-009-0020(1)(a) and OAR 660-09-0025, local economic development objectives and policies are to be adopted with special attention to designating lands for industrial and commercial use.

A. POLICY ACTIONS

Consistent with EOA documentation requirements, the economic trends analysis, stakeholder interviews, Technical Advisory Committee input, and the target industry cluster analyses, the City of Hood River is uniquely positioned within the Columbia Gorge Region to experience continued success in retaining and attracting businesses and economic development. The ability to accommodate or exceed the level of employment growth expected under forecast Scenario B (medium growth or high growth with the possibility of larger-scale and development on the Waterfront and/or the West Gateway) requires the City to undertake proactive steps through adoption of policies, including amendments to the Hood River Comprehensive Plan to provide community economic development objectives, a commitment to providing a competitive short-term land supply, and commitment to providing adequate sites and public facilities to serve new development.

The outline of implementation policies that are to be adopted as part of the Hood River EOA is provided below.

1. Community economic development objectives
2. Commitment to provide a short-term land supply
3. Commitment to provide adequate sites and facilities
    a. Provisions to limit single family and duplex development uses in the C-2 zone
4. Policies that provide for prime industrial land development on large lots
    a. Provisions that promote target larger-scale industries such as technology, research and development, and industrial office uses on the Port Waterfront area
    b. Provisions that help protect existing large industrial users from encroachment from nonindustrial uses
    c. Provisions to allow office industrial and technology-oriented uses in the LI zone
5. Policies that promote targeted redevelopment in the west gateway area
6. Policies that work with ODOT and Hood River County on both Interchange Area Management Plan (IAMP; Exit 62 and Exits 63/64) improvements
7. Policies that provide proactive economic development marketing and incentives directed towards strategic clusters

8. Land Use Development Code amendments that enable the City of Hood River to accommodate expected growth in office, commercial, and industrial employment consistent with the medium growth scenario

An outline of proposed Hood River Zoning Code updates is provided below in **Table 8**

Table 8. Outline of Proposed Hood River Zoning Code Updates

Zone	Issue	Recommended Amendments
C-2 General Commercial	Residential uses are allowed and consume commercial land. Office uses allowed by practice but not expressly permitted in the C-2 zone.	Limit low density single-family, duplex and triplex residential uses.
LI Light Industrial	Need to modernize to allow technology-based industrial office, research and development. Consider limited space for related sales/display and employee service uses.	Allow office, research and development and limited employee-serving or incidental showroom commercial uses.
I Industrial	Limited users and zoned areas. Traditional users are concerned about new LI office uses too close to their manufacturing operations.	Consider future rezoning for waterfront areas committed to traditional industrial uses from LI to I. Alternatively; consider buffers between uses in LI zone.
Planned Development	PUD review requirements for commercial uses over 2.5 acres and industrial uses over 5 acres could become conditional uses in the C-2 and LI zones to streamline the permit process.	Remove PUD requirements for commercial uses over 2.5 acres and industrial uses over 5 acres add them as conditional uses in the C-2 and LI zone,

Community Economic Development Objectives and Draft Code Amendments

The goals and policies that are listed below are intended to serve as local community economic development objectives that guide positive economic development within the Hood River UGB. The goals and policies listed below are intended to replace the current Goal 9 policies for the City of Hood River. Please refer to **Appendix A** for the prior adopted Hood River economic development policies.

Please refer to **Hood River EOA Technical Appendix E** for a summary of land use amendments.

Hood River Economic Opportunity Analysis Policy Actions

The economic policies and implementation measures that are being considered as part of this EOA update are described below.

Goal 9 – Economic Development

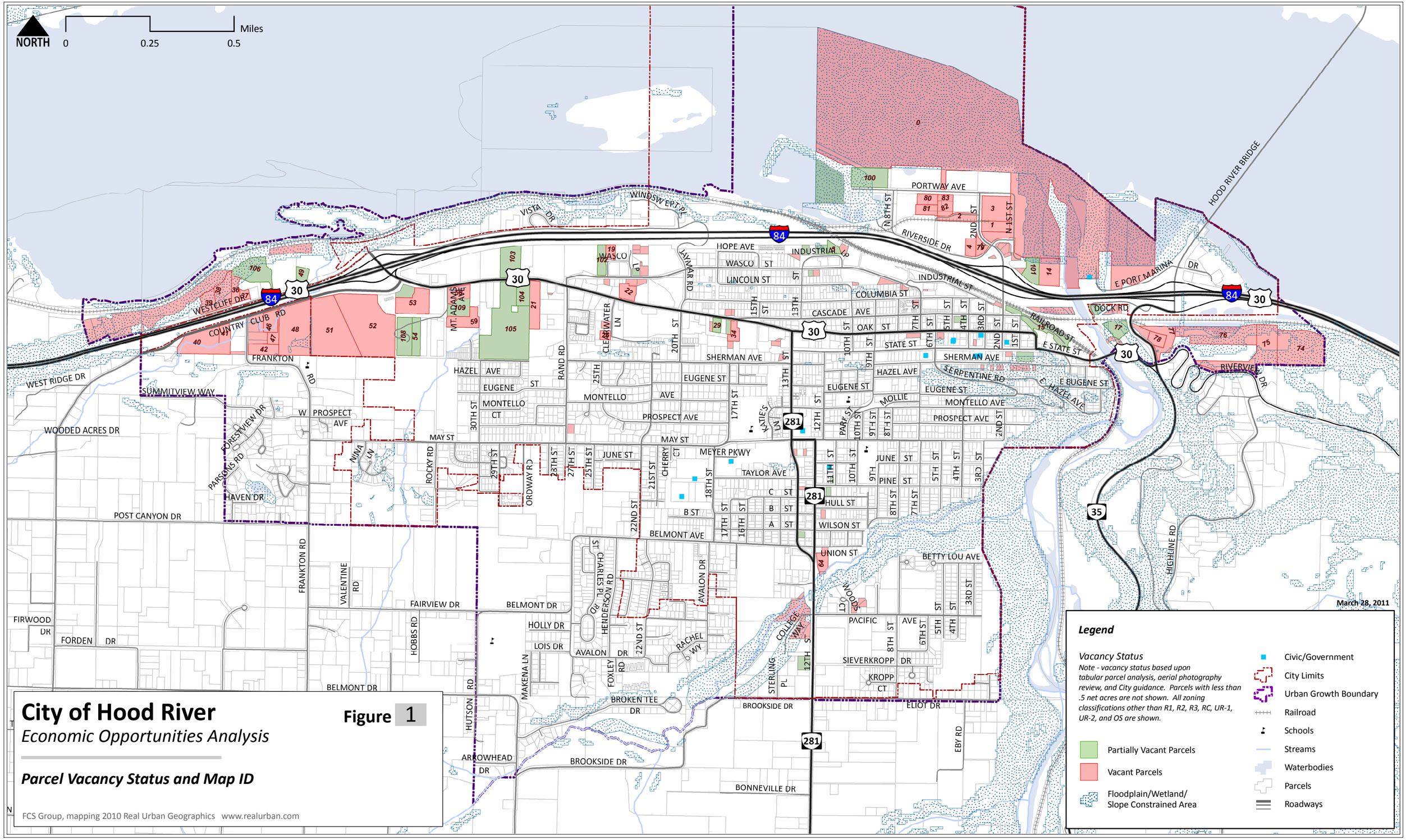
Overall Goal (What do we want to achieve):

To diversify and improve the economy of the Hood River planning area while preserving and promoting the City's quality of life and small-town atmosphere.

Policies: **(course of action)**	**Implementation Measures:** **(actions that must follow any policy in order for something to actually happen)**
1. Preserve and promote the city's "quality of life" including small town atmosphere, family-oriented community, good schools, open space and recreational opportunities, urban bike and walking system, beautiful natural setting and space for existing business to expand as an incentive for economic development.	**1a.** Require uses that generate pollution, excessive noise, and similar adverse conditions to obtain a conditional use permit. **1b.** Adopt building and site design standards in the commercial and industrial zones consistent with quality of life characteristics.
2. Support a mix of light and heavy industrial development on the Waterfront that is compatible with recreational activities and that supports recreational commercial development.	**2a**. Amend the land use code to allow for light industrial uses that have emerged into the Hood River market not already defined in the code.
3. Allow for new and existing business expansion needs that support retention and growth of strategic employment clusters which include: health care; advanced manufacturing (e.g., avionics, composite materials, electronics, etc.); athletic/outdoor gear (e.g., wind sports gear, apparel, etc.); clean-tech (e.g., utilities, wind energy research and development, etc.); food and beverage processing (e.g., fruit juice, wine, beer, organic supplements, etc.); creative services (e.g., computer software development, electronic publishing, etc.); and advanced education and create a desired balance between the quality of life of this community and economic health of the city.	**3a**. Amend the land use code to allow for light industrial uses that have emerged into the Hood River market not already defined in the code. **3b.** Write standards for development review that improve clarity and reduce uncertainty. Consider adopting a two-track review process: the first relying on detailed standards for administrative review, the second relying on more discretionary standards for quasi-judicial review. **3c.** Encourage home-based businesses while ensuring standards for such activities minimize adverse affects on adjacent property owners in residential zones. **3d.** Adopt building and site design standards in the commercial and industrial zones consistent with quality of life characteristics.

4. The majority of the targeted businesses that consider expanding/ relocating to Hood River will consist of small businesses (less than 10 employees) that can locate within existing office or industrial buildings or within new office or flex/industrial buildings that are developed on vacant sites under 5 acres in size.	**4a.** Maintain an inventory of appropriately zoned land consistent with needs, to include maintenance of short-term and long-term land supplies.
5. Ensure provision of adequate public facilities in association with development to support economic development and maintain consistency between the public facilities plans and the Goal 9 goals, policies and implementation strategies.	**5a.** Update the City's public facility and capital facility plans so that projects intended for improving infrastructure for developable commercial and industrial areas can be listed and available for funding. **5b.** Utilize available grants and tax increment financing to assist in the financing of the extension of public facilities to lands in areas where infrastructure is deficient and cooperate with economic development agencies in marketing and incentives directed toward the five strategic clusters.
6. The City has several commercial areas that can be set apart in the City and each have their own unique characteristics: Central Business District, The Heights Business District, the Waterfront, and West Cascade. The City will seek to distinguish these differences and propose ways to maintain these distinct employment districts.	**6a.** Define boundaries of existing commercial districts and develop building and site design standards for each district.
7. Limit commercial use on lands reserved for light industrial and industrial uses.	**7a.** Maintain an inventory of appropriately zoned land consistent with needs, including maintenance of short-term and long-term land supplies.
8. Minimize conflicts between uses that generate pollution, noise and similar adverse conditions (e.g. industrial) with other uses.	**8a.** Adopt building and site design standards in the commercial and industrial zones consistent with quality of life characteristics.
9. Engender economic sustainability by supporting small businesses.	**9a.** Amend the land use code to allow for light industrial uses that have emerged into the Hood River
10. To continue to recognize the City's role in the Hood River planning area, county and beyond.	**10a.** Cooperate with the Port of Hood River, regional, state and federal agencies and private businesses to develop and implement plans to improve and diversity the economic base of the planning area.
11. Maximize the potential use of the Waterfront and Exit #62. Policy actions should reflect the possibility of large-scale, denser development at the Waterfront and where there are areas for higher density, industrial uses including a campus setting.	**11a.** EOA implementation strategies should also emphasize the need to maximize the use of the Waterfront area and Exit #62.

12. Transportation impacts may be the defining issue for the projects within the I-84 corridor. The EOA should emphasize the need to work proactively with ODOT to solve access/egress issues and the need to emphasize transportation demand management measures (TDM).	



City of Hood River

Economic Opportunities Analysis

Figure 1

Parcel Vacancy Status and Map ID

FCS Group, mapping 2010 Real Urban Geographics www.realurban.com

March 28, 2011

Legend

Vacancy Status

Note - vacancy status based upon tabular parcel analysis, aerial photography review, and City guidance. Parcels with less than .5 net acres are not shown. All zoning classifications other than R1, R2, R3, RC, UR-1, UR-2, and OS are shown.

- Partially Vacant Parcels
- Vacant Parcels
- Floodplain/Wetland/ Slope Constrained Area
- Civic/Government
- City Limits
- Urban Growth Boundary
- Railroad
- Schools
- Streams
- Waterbodies
- Parcels
- Roadways

Hood River EOA - Vacant and Partially Vacant Employment Land, SUMMARY TABLE by Vacancy Status, Zone, and Size Class

Includes parcels less than .5 acres.

3-Mar-11

Vacancy Status	Zone	Size Class	Lot Count	Total AV, Land	Total AV, Improvements	Total AV	Net Area, Acres
Partially Vacant	C-2	c	6	$ 1,581,240	$ 1,354,050	$ 2,935,290	8.81
Partially Vacant	C-2	d	2	$ 462,760	$ 488,980	$ 951,740	1.42
Partially Vacant	C-2	e	8	$ 601,070	$ 217,410	$ 818,480	2.14
Partially Vacant	I	d	1	$ 113,030	$ 40,730	$ 153,760	0.50
Partially Vacant	I	e	3	$ 297,110	$ 41,150	$ 338,260	1.09
Partially Vacant	LI	c	3	$ 560,730	$ 720,490	$ 1,281,220	3.00
Partially Vacant	LI	e	2	$ 59,210	$ 12,000	$ 104,796	0.27
Partially Vacant	U-C-2	b	1	$ 334,400	$ 199,000	$ 533,400	2.30
Partially Vacant	U-C-2	c	1	$ 306,730	$ 52,250	$ 358,980	1.15
Partially Vacant	U-C-2	d	1	$ 134,630	$ 31,890	$ 166,520	0.50
Partially Vacant	U-C-2	e	1	$ 87,740	$ 12,670	$ 100,410	0.34
subtotal, partially vacant			*29*	*$ 4,538,650*	*$ 3,170,620*	*$ 7,742,856*	***21.52***
Vacant	C-1	e	14	$ 688,910	$ 33,970	$ 722,880	1.00
Vacant	C-2	aa	1	$ 506,200	$ 84,480	$ 590,680	10.51
Vacant	C-2	b	2	$ 636,330	$ -	$ 636,330	6.30
Vacant	C-2	c	7	$ 1,284,160	$ 47,350	$ 1,556,357	9.22
Vacant	C-2	d	3	$ 136,860	$ 11,810	$ 387,523	2.08
Vacant	C-2	e	40	$ 1,354,494	$ 54,447	$ 1,645,544	7.09
Vacant	I	e	6	$ 216,270	$ -	$ 267,529	1.77
Vacant	LI	a	2	$ 431,210	$ 145,040	$ 835,956	14.27
Vacant	LI	b	2	$ -	$ -	$ 1,326,692	7.11
Vacant	LI	c	3	$ -	$ -	$ 161,923	3.58
Vacant	LI	d	2	$ 104,550	$ -	$ 109,555	1.38
Vacant	LI	e	9	$ 269,860	$ -	$ 269,860	2.01
Vacant	U-C-2	a	1	$ 365,230	$ -	$ 365,230	8.24
Vacant	U-C-2	b	1	$ 3,982	$ -	$ 3,982	2.85
Vacant	U-C-2	c	2	$ 197,620	$ -	$ 197,620	2.95
Vacant	U-C-2	d	8	$ 1,139,460	$ -	$ 1,139,460	5.71
Vacant	U-C-2	e	20	$ 1,108,140	$ 19,970	$ 1,128,110	3.94
Vacant	U-LI	c	1	$ 36,167	$ -	$ 36,167	1.67
Vacant	U-LI	d	2	$ 96,039	$ -	$ 96,039	1.59
Vacant	U-LI	e	1	$ 2,020	$ -	$ 2,020	0.01
subtotal, vacant			*127*	*$ 8,577,502*	*$ 397,067*	*$ 11,479,458*	***93.29***
Total			***156***	***$ 13,116,152***	***$ 3,567,687***	***$ 19,222,313***	***114.81***

IN THE CITY COUNCIL
FOR THE CITY OF HOOD RIVER, OREGON

ORDINANCE NO. 1994

An Ordinance Amending the Hood River Comprehensive Plan, Goal 9, by Adopting a New an Economic Opportunities Analysis, and Amending the Hood River Municipal Code to Implement Revisions to the C-2 Zone, Industrial Zones and Planned Unit Development Provisions in Accordance With the Economic Opportunities Analysis Recommendations.

The Hood River City Council finds as follows:

WHEREAS, the most recent Commercial and Industrial Inventory and Analysis and Buildable Lands Survey was adopted by the City pursuant to Ordinance No. 1787 on December 27, 1999; and

WHEREAS, the City received a grant from the Land Conservation and Development Commission (LCDC) to up-date its Commercial and Industrial Inventory and Analysis and Buildable Lands Survey by conducting an Economic Opportunities Analysis (EOA) under State-wide Planning Goal 9 (Economic Development); and

WHEREAS, the City contracted with the consulting firm, FCS Group, to prepare an updated Commercial and Industrial Inventory and Analysis and Buildable Lands Survey. Prior to writing the report, a stakeholders committee consisting of representatives of the business and development community was formed and met several times to review FCS Group findings and to offer a community perspective. The draft EOA report, including amendments to the City's Comprehensive Plan Goal 9 (buildable lands inventory) and municipal code changes, was presented to the Planning Commission; and

WHEREAS, based on the input from its public meetings on the subject, the Planning Commission duly noticed and conducted public hearings and work sessions on April 18, April 29, May 2, May 6, and May 16, produced a recommendation and forwarded it to the City Council; and

WHEREAS, the Planning Commission recommended City Council adopt the EOA Plan, amendments to Goal 9 – Economic Development and subsequent code changes which include the types and amounts of commercial and industrial lands needed over the 20 year planning period; and

WHEREAS, the Planning Commission also recommended certain amendments to the City's Zoning Ordinance under the commercial and industrial zones to achieve the revised goals, policies and implementation strategies under Goal 9 of the Comprehensive Plan; and

WHEREAS, the City Council conducted a public hearing on May 23, 2011, at which time it reviewed the Planning Commission recommendation and record, including

the findings set forth in Exhibit A, accepted additional oral and written testimony, and then deliberated and decided the matter on June 13, 2011.

NOW THEREFORE, based on the foregoing Findings, the Hood River City Council Ordains as follows:

Section 1 – Comprehensive Plan. The Hood River Comprehensive Plan, Goal 9 – Economic Development (Background Report, Goals, Policies and Implementation Strategies for economic development), adopted pursuant to Ordinance 1787 on December 27, 1999, is hereby repealed in its entirety. In its place a new Goal 9 – Economic Development (Background Report, Goals, Policies and Implementation Strategies for Economic Development), as set forth in Exhibit A, attached hereto and by this reference made a part hereof, is hereby adopted and made a part of the Hood River Comprehensive Plan.

Section 2 - Municipal Code §17.01.060, Definitions. The Hood River Municipal Code, Title 17 (Zoning), Chapter 01 (General Provisions), Section 17.01.060 (Definitions) is hereby amended to read as set forth in Exhibit B, attached hereto and by this reference made a part hereof, is hereby. In particular, HRMC §17.01.060 is amended to adopt new and revised definitions for INDUSTRIAL OFFICE USE, INDUSTRIAL USE and LIGHT INDUSTRIAL USE.

Section 3 - Municipal Code §17.03.050, General Commercial Zone (C-2). The Hood River Municipal Code, Title 17 (Zoning), Chapter 03 (Land Use Zones), Section 17.03.050 (General Commercial Zone, C-2) is hereby amended to read as set forth in Exhibit B, attached hereto and by this reference made a part hereof. In particular, HRMC §17.03.050 is amended to eliminate single family dwellings and accessory uses, duplexes and triplexes as out-right permitted uses; to allow as conditional uses, stand-alone residential dwellings but only at a minimum density of 11 units per acre and when developed as Planned Unit Developments; and to allow conditionally Professional Office and Office uses.

Section 4 - Municipal Code §17.03.060, Light Industrial Zone (LI). The Hood River Municipal Code, Title 17 (Zoning), Chapter 03 (Land Use Zones), Section 17.03.060 (Light Industrial Zone - LI) is hereby amended to read as set forth in Exhibit B, attached hereto and by this reference made a part hereof. In particular, HRMC §17.03.060 is amended to add provisions for light industrial offices and accessory activities; and to allow conditionally Industrial Offices greater than 25,000 square feet in gross floor area.

Section 5 - Municipal Code §17.07.020, Planned Developments, Applicability. The Hood River Municipal Code, Title 17 (Zoning), Chapter 07 (Planned Developments), Section 17.07.020 (Applicability) is hereby amended to read as set forth in Exhibit B, attached hereto and by this reference made a part hereof. In particular, HRMC §17.07.020 is amended to *delete* the requirement in 17.07.020 (D) that commercial and industrial PUD's on 2½ and 5 acres respectively be processed as PUDs.

Section 6 - Municipal Code §17.07.090, Planned Developments, Approval Criteria. The Hood River Municipal Code, Title 17 (Zoning), Chapter 07 (Planned Developments), Section 17.07.090 (Approval Criteria) is hereby amended to read

as set forth in Exhibit B, attached hereto and by this reference made a part hereof. In particular, HRMC §17.07.090 is amended to require that all of the off street parking required for a PUD may be provided in one or more common parking lots within the development.

Section 6 - Municipal Code §17.16.055 (Design Standards for Large Scale Light Industrial Uses). The Hood River Municipal Code, Title 17 (Zoning), Chapter 16 (Site Plan Review), is hereby amended to add a new section, Section 17.16.055 (Design Standards for Large Scale Light Industrial Uses), which shall read as set forth in Exhibit B, attached hereto and by this reference made a part hereof. In particular, new HRMC §17.16.055 provides the design standards for Large Scale Industrial Uses, to be applied during the site plan review process.

Read for the First Time this 27th day of June 2011

Read for the Second Time and approved this 11th day of July 2011. This Ordinance shall take effect on the 31st day following the second reading.

AYES:_____
NAYS:_____
ABSTAIN:_____
ABSENT:_____

_____
Arthur Babitz, Mayor

ATTEST:

_____
Jennifer Gray, City Recorder

Approved as to form:

_____
Daniel Kearns, City Attorney