Oregon
Theodore R. Kulongoski, Governor

Department of Land Conservation and Development
635 Capitol Street, Suite 150
Salem, OR 97301-2540
(503) 373-0050
Fax (503) 378-5518
www.lcd.state.or.us

NOTICE OF ADOPTED AMENDMENT

10/17/2011

TO: Subscribers to Notice of Adopted Plan
or Land Use Regulation Amendments

FROM: Plan Amendment Program Specialist

SUBJECT: City of Happy Valley Plan Amendment
DLCD File Number 004-11

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. Due to the size of amended material submitted, a complete copy has not been attached. A Copy of the adopted plan amendment is available for review at the DLCD office in Salem and the local government office.

Appeal Procedures*

DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL: Monday, October 31, 2011

This amendment was submitted to DLCD for review prior to adoption pursuant to ORS 197.830(2)(b) only persons who participated in the local government proceedings leading to adoption of the amendment are eligible to appeal this decision to the Land Use Board of Appeals (LUBA).

If you wish to appeal, you must file a notice of intent to appeal with the Land Use Board of Appeals (LUBA) no later than 21 days from the date the decision was mailed to you by the local government. If you have questions, check with the local government to determine the appeal deadline. Copies of the notice of intent to appeal must be served upon the local government and others who received written notice of the final decision from the local government. The notice of intent to appeal must be served and filed in the form and manner prescribed by LUBA, (OAR Chapter 661, Division 10). Please call LUBA at 503-373-1265, if you have questions about appeal procedures.

*NOTE: The Acknowledgment or Appeal Deadline is based upon the date the decision was mailed by local government. A decision may have been mailed to you on a different date than it was mailed to DLCD. As a result, your appeal deadline may be earlier than the above date specified. NO LUBA Notification to the jurisdiction of an appeal by the deadline, this Plan Amendment is acknowledged.

Cc: Michael Walter, City of Happy Valley
Angela Lazarean, DLCD Urban Planning Specialist
Jennifer Donnelly, DLCD Regional Representative
Thomas Hogue, DLCD Economic Development Policy Analyst
Angela Lazarean, DLCD Urban Planner

<paa> YA/ph

FORM 2 DLCD Notice of Adoption

This Form 2 must be mailed to DLCD within **5-Working Days after the Final Ordinance is signed** by the public Official Designated by the jurisdiction and all other requirements of ORS 197.615 and OAR 660-018-000

☐ In person ☐ electronic ☐ mailed

DATE STAMP

DEPT OF

OCT 12 2011

LAND CONSERVATION AND DEVELOPMENT

For Office Use Only

Jurisdiction: City of Happy Valley

Local file number: CPA-03-11

Date of Adoption: 10-4-11

Date Mailed: 10-10-11

Was a Notice of Proposed Amendment (Form 1) mailed to DLCD? ☒ Yes ☐ No Date: 6-29-11

☒ Comprehensive Plan Text Amendment

☐ Comprehensive Plan Map Amendment

☐ Land Use Regulation Amendment

☐ Zoning Map Amendment

☐ New Land Use Regulation

☐ Other:

Summarize the adopted amendment. Do not use technical terms. Do not write "See Attached".

Adopted the City's Economic Opportunities Analysis & Implementation Strategy as an ancillary document to the City's Comprehensive Plan, involving proposed comprehensive plan policies and amended narrative.

Does the Adoption differ from proposal? Please select one No

Plan Map Changed from: N/A to: N/A

Zone Map Changed from: N/A to: N/A

Location: N/A Acres Involved: N/A

Specify Density: Previous: N/A New: N/A

Applicable statewide planning goals:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
☒	☐	☐	☐	☐	☐	☐	☐	☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Was an Exception Adopted? ☐ YES ☐ NO

Did DLCD receive a Notice of Proposed Amendment...

45-days prior to first evidentiary hearing? ☒ Yes ☐ No

If no, do the statewide planning goals apply? ☐ Yes ☐ No

If no, did Emergency Circumstances require immediate adoption? ☐ Yes ☐ No

DLCD file No. 004-11 (18877) [16795]

Grant Product File # TA-U-11-180FP

Please list all affected State or Federal Agencies, Local Governments or Special Districts:

Local Contact: Michael Walter Phone: (503)783-3839 Extension:

Address: 16000 SE Misty Dr Fax Number: 503-658-5174

City: Happy Valley Zip: 97086 E-mail Address: michaelw@ci.happy-valley.or.us

ADOPTION SUBMITTAL REQUIREMENTS

This Form 2 must be received by DLCD no later than 5 days after the ordinance has been signed by the public official designated by the jurisdiction to sign the approved ordinance(s)
per ORS 197.615 and OAR Chapter 660, Division 18

1. This Form 2 must be submitted by local jurisdictions only (not by applicant).
2. When submitting, please print this **Form 2** on light **green paper if available**.
3. Send this Form 2 and **One (1) Complete Paper Copy and One (1) Electronic Digital CD** (documents and maps) of the Adopted Amendment to the address in number 6:
4. **Electronic Submittals: Form 2 – Notice of Adoption will not be accepted via email or any electronic or digital format at this time.**
5. The Adopted Materials must include the final decision signed by the official designated by the jurisdiction. The Final Decision must include approved signed ordinance(s), finding(s), exhibit(s), and any map(s).
6. **DLCD Notice of Adoption must be submitted in One (1) Complete Paper Copy and One (1) Electronic Digital CD via United States Postal Service, Common Carrier or Hand Carried to the DLCD Salem Office and stamped with the incoming date stamp.** (for submittal instructions, also see # 5)] **MAIL** the **PAPER COPY and CD** of the Adopted Amendment to:

   ATTENTION: PLAN AMENDMENT SPECIALIST
   DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT
   635 CAPITOL STREET NE, SUITE 150
   SALEM, OREGON 97301-2540

7. Submittal of this Notice of Adoption must include the signed ordinance(s), finding(s), exhibit(s) and any other supplementary information (see ORS 197.615).
8. Deadline to appeals to LUBA is calculated **twenty-one (21) days** from the receipt (postmark date) of adoption (see ORS 197.830 to 197.845).
9. In addition to sending the Form 2 - Notice of Adoption to DLCD, please notify persons who participated in the local hearing and requested notice of the final decision at the same time the adoption packet is mailed to DLCD (see ORS 197.615).
10. **Need More Copies?** You can now access these forms online at **http://www.lcd.state.or.us/.** You may also call the DLCD Office at (503) 373-0050; or Fax your request to: (503) 378-5518.

Updated December 22, 2009

CITY OF HAPPY VALLEY
ORDINANCE NO. 418

AN ORDINANCE AMENDING THE CITY'S COMPREHENSIVE PLAN BY ADOPTING AN ECONOMIC OPPORTUNITIES ANALYSIS (EOA) AND TECHNICAL APPENDIX AS AN ANCILLARY DOCUMENT TO THE CITY'S COMPREHENSIVE PLAN AND AMENDING AND SUPPLEMENTING EXISTING COMPREHENSIVE PLAN POLICIES

THE CITY OF HAPPY VALLEY ORDAINS AS FOLLOWS:

WHEREAS, Application CPA-03-11 was a staff and Business Advisory Task Force (BAT) initiated request to amend sections of the City's Comprehensive Plan as detailed within Exhibit "A"; and

WHEREAS the BAT met on three occasions and a public hearing was held before the City of Happy Valley Planning Commission on September 13, 2011; and

WHEREAS, the Planning Commission recommended the City Council approve the changes to the Comprehensive Plan as detailed in the Staff Report to the Planning Commission dated September 13, 2011; and

WHEREAS, the City has forwarded a copy of the proposed amendments to the Oregon Department of Land Conservation and Development (DLCD) and METRO in a timely manner; and

WHEREAS, the Council of the City of Happy Valley, Oregon, has determined that it is reasonable, necessary and in the public interest to make the proposed amendments as detailed within Exhibit "A"; and

WHEREAS, the Council hereby adopts the proposed amendments as detailed in Exhibit "A", as supported by the Findings of Fact in the Staff Report to the Planning Commission dated September 13, 2011, and as discussed at the regular meeting of the City Council on October 4, 2011; and

NOW, THEREFORE, based on the foregoing,

THE CITY OF HAPPY VALLEY ORDAINS AS FOLLOWS:

Section 1. The City of Happy Valley declares that the amendments to the City's Comprehensive Plan to be amended as set forth as part of Exhibit "A" and are fully incorporated herein.

Section 2. The City of Happy Valley declares that the Findings of Fact included within the Staff Report to the Planning Commission dated September 13, 2011 are hereby adopted in conjunction with this Ordinance.

BE IT FURTHER DECLARED that this Ordinance shall become effective thirty (30) days after approval by the City Council.

This ordinance takes effect 30 days after adoption.

COUNCIL APPROVAL AND UNANIMOUS ADOPTION AT ONE MEETING: [October 4, 2011]

CITY OF HAPPY VALLEY

Mayor Lori DeRemer

ATTEST:

Marylee Walden, City Recorder

City of Happy Valley

City of Happy Valley, City Council
REGULAR SESSION AGENDA STATEMENT

Meeting Date: OCTOBER 4, 2011

Item Title:
Economic Opportunities Analysis (EOA) Adoption

Prepared by:
Michael D. Walter, AICP – Economic & Community Development Director

Explanation:
As the Council may recall, the City had received a $50,000 grant from the Oregon Dept. of Conservation and Development (DLCD) to perform the EOA, and selected FCS Group to head up this effort. The project has created a Commercial and Industrial EOA and Implementation Strategy, to be included in a revised and updated Comprehensive Plan, including pertinent amended and expanded Comprehensive Plan policies. In rough terms, this represents the development of the City's "Business Plan" for addressing commercial and industrial development in the existing city limits, as well as casting an eye toward potential future annexation areas to the south and west. As part of the development of the EOA, a Business Advisory Taskforce (BAT) was formed to make recommendations on the EOA, which have been included in the final draft. The BAT met on three separate occasions and provided key communications on the continued development of the EOA as well as other potential projects and policies within the city that might encourage economic development. Please see the attached EOA and Appendix document for further information.

Special Issues:
The EOA and the work of the BAT represent part of the "base" from which the City may wish to launch additional efforts toward encouraging economic development and future employment opportunities. Other efforts have included the City's participation in the Strategic Investment Zone (SIZ) Program (tax abatement program for large users/investments) and expansion of the Milwaukie/Clackamas Co. Enterprise Zone (tax abatement program for smaller users/investments).

Financial Impact:
Economic Development programs and products such as the EOA, SIZ and Enterprise Zone may lead to additional revenue sources for the City of Happy Valley as well as future employment opportunities. The Technical Assistance Grant process has been very direct and quite easy to administer – the City's budget fronts the funds to pay the consultant invoices, and products and two subsequent invoices from the City (an interim payment and a final payment) are sent to DLCD for review. The State reviews the products, makes comments/edits, and once approved, the State issues checks back to the City to cover the $50,000 grant amount – both payments have been received and the City has been fully compensated on the grant amount. The City's "hard match" toward the EOA Grant equals $12,000, the remainder of the City's contribution is in "in-kind" (staff time) services.

Recommendation:
Adopt the EOA and Appendix as ancillary documents to the City's Comprehensive Plan and amend the pertinent Comprehensive Plan policies as detailed within the Staff Report to the Planning Commission.

Attachments:
1. Staff Report to the Planning Commission dated September 13, 2011 including Exhibits.
2. Ordinance No. 418.

CITY OF HAPPY VALLEY
ORDINANCE NO. 418

AN ORDINANCE AMENDING THE CITY'S COMPREHENSIVE PLAN BY ADOPTING AN ECONOMIC OPPORTUNITIES ANALYSIS (EOA) AND TECHNICAL APPENDIX AS AN ANCILLARY DOCUMENT TO THE CITY"S COMPREHENSIVE PLAN AND AMENDING AND SUPPLEMENTING EXISTING COMPREHENSIVE PLAN POLICIES

THE CITY OF HAPPY VALLEY ORDAINS AS FOLLOWS:

WHEREAS, Application CPA-03-11 was a staff and Business Advisory Task Force (BAT) initiated request to amend sections of the City's Comprehensive Plan as detailed within Exhibit "A"; and

WHEREAS the BAT met on three occasions and a public hearing was held before the City of Happy Valley Planning Commission on September 13, 2011; and

WHEREAS, the Planning Commission recommended the City Council approve the changes to the Comprehensive Plan as detailed in the Staff Report to the Planning Commission dated September 13, 2011; and

WHEREAS, the City has forwarded a copy of the proposed amendments to the Oregon Department of Land Conservation and Development (DLCD) and METRO in a timely manner; and

WHEREAS, the Council of the City of Happy Valley, Oregon, has determined that it is reasonable, necessary and in the public interest to make the proposed amendments as detailed within Exhibit "A"; and

WHEREAS, the Council hereby adopts the proposed amendments as detailed in Exhibit "A", as supported by the Findings of Fact in the Staff Report to the Planning Commission dated September 13, 2011, and as discussed at the regular meeting of the City Council on October 4, 2011; and

NOW, THEREFORE, based on the foregoing,

THE CITY OF HAPPY VALLEY ORDAINS AS FOLLOWS:

Section 1. The City of Happy Valley declares that the amendments to the City's Comprehensive Plan to be amended as set forth as part of Exhibit "A" and are fully incorporated herein.

Section 2. The City of Happy Valley declares that the Findings of Fact included within the Staff Report to the Planning Commission dated September 13, 2011 are hereby adopted in conjunction with this Ordinance.

BE IT FURTHER DECLARED that this Ordinance shall become effective thirty (30) days after approval by the City Council.

This ordinance takes effect 30 days after adoption.

COUNCIL APPROVAL AND UNANIMOUS ADOPTION AT ONE MEETING: [October 4, 2011]

CITY OF HAPPY VALLEY

_____
Mayor Lori DeRemer

ATTEST:

_____
Marylee Walden, City Recorder

EXHIBIT "A"

(FINAL TEXT AS DETERMINDED BY THE CITY COUNCIL AT THE CONCLUSION OF THE PUBLIC HEARING TO BE INSERTED HERE)

Mayor
Honorable Lori DeRemer

City Manager
Jason A. Tuck

CITY OF HAPPY VALLEY
STAFF REPORT TO THE PLANNING COMMISSION

SEPTEMBER 13, 2011

ADOPTION OF THE ECONOMIC OPPORTUNITIES ANALYSIS AS AN ANCILLARY DOCUMENT TO THE CITY'S COMPREHENSIVE PLAN AND COMPREHENSIVE PLAN POLICY AMENDMENTS

FILE NUMBER: CPA-03-11

I. GENERAL INFORMATION:

The following proposed administrative amendments represent City initiated amendments to the City's Comprehensive Plan. The proposed changes are presented in conjunction with the completion and adoption of the City's Economic Opportunities Analysis (EOA).

EXHIBITS:

A. Staff Report and Findings of Fact
B. EOA dated May 2011
C. EOA Technical Appendix dated May 2011
D. Published Notice

BACKGROUND:

In 2009, the City applied for and received a $50,000 grant from the Oregon Dept. of Conservation and Development (DLCD) to perform the EOA, and selected a consultant (FCS Group) to head up this effort. The goal of the project was to create a Commercial and Industrial EOA and Implementation Strategy, to be included in a revised and updated Comprehensive Plan. In rough terms, this represents the development of the City's "Business Plan" for addressing commercial and industrial development in the existing city limits, as well as casting an eye toward potential future annexation areas to the south and west. As part of the development of the Draft EOA, a Business Advisory Taskforce (BAT) was formed to discuss, debate and make recommendations on the Draft EOA. The BAT met on three separate occasions and provided key communications on the continued development of the EOA as well as other potential projects and policies within the city that might encourage economic development. Please see the attached EOA (Exhibit B) and Technical Appendix (Exhibit C) for further information.

II. ADOPTION OF THE EOA/TECHNICAL APPENDIX:

Staff notes that the EOA and Technical Appendix are proposed to be adopted as an ancillary document to the City's Comprehensive Plan. In addition, a number of Comprehensive Plan policy amendments are proposed (below), to "tie in" the adoption of the EOA/Technical Appendix and add clarifying details to the existing Comprehensive Plan policies.

EXHIBIT # 1

III. PROPOSED COMPREHENSIVE PLAN AMENDMENTS:

Note: Text proposed for removal is in ~~strikethrough~~, proposed text amendments are in **bold, underline**

[…]
*"Economic Diversification **and Development***

The economy is directly tied to the overall economy of the metropolitan area and is acutely sensitive to changes which may occur in the nearby Clackamas County and Southeast Portland areas. Any major shift in the business and employment characteristics around the Valley may give rise to adjustments in residence and development patterns within the City. Therefore, the City is aware of, and concerned about, the entire economic picture of the metropolitan area. As a result, policies have been developed which encourage and support the continue diversification and improvement of the regional and state economies.

~~*In terms of industrial development of any type and most forms of commercial development, the City lacks the necessary requirements which a site area must possess to become developable. Service levels are low, the roads are of a rural standard, the market area is small, travel distances are great and routes too indirect to adequately draw clientele from outside the City. With the completion of the Clackamas Town Center at I-205 and Sunnyside Road, there is now even less incentive to create any commercial enterprise in the Happy Valley area. Additionally, the large amounts of serviced industrial land in the area around I-205 north of Oregon City will negate the need for industrial development in the City.*~~

In addition to the Policies listed below, the City of Happy Valley has adopted as an ancillary document to the Comprehensive Plan the 2011 Economic Opportunities Analysis, which provides extensive documentation including goals, objectives and implementation strategies for economic diversification and development within the City of Happy Valley.

Policies:

Commercial and Employment Element Policies

*Policy 54: To encourage compatible residential, commercial and light industrial development in both the City of Happy Valley and nearby Clackamas County that will provide jobs. The City supports the development of commercial and employment uses in the **Hwy. 212/224 Corridor, Sunnyside Road Corridor and the** Rock Creek Employment ~~Area~~ **Center** and in other areas, subject to design standards.*

Policy 54A: To reduce vehicle miles traveled and street congestion, and to provide local employment opportunities, Happy Valley will encourage home based businesses that show no outward signs of business activity and fully retain the residential character of existing neighborhoods.

*Policy 54B: To comply with Statewide Planning Goal 9 (Economy of the State) and to meet long-term neighborhood-oriented commercial and office needs for existing and future City residents in the Rock Creek **Comprehensive Plan***

*Area, Happy Valley has annexed existing and planned commercial and office sites served by Sunnyside Road in the Rock Creek **Comprehensive Plan** Area. In addition, to meet the long term needs of Happy Valley residents for local services and employment land, the City has created a broad range of commercial, employment and light industrial districts.*

Policy 54C: Happy Valley shall ensure that all commercial and office centers are accessible by transit, bicyclist and pedestrians, generally as shown within the City's current Transportation System Plan.

Policy 55: To improve the economy of Happy Valley by providing a range of land use types including a variety of commercial and employment districts. The following commercial and employment districts are applicable for any location in the City:

Policy 55A: Mixed Commercial Center (MCC). The Mixed Commercial Center district is intended to establish locations for the development of general commercial centers providing a broad range of shopping and service requirements to meet city-wide needs. The Mixed Commercial Center district, as applied in East Happy Valley, corresponds to the Damascus/Boring Concept Plan's designation of Neighborhood Centers. These mixed use centers in East Happy Valley accommodate retail services with a focus on meeting resident's daily shopping needs. They are planned to be well served by transit and be integrated with mixed use and higher density housing – thus supporting less auto-dependent life styles. These centers are also appropriate locations for civic uses such as post offices and branch libraries. Their design is intended to be highly pedestrian-oriented.

Policy 55B: Community Commercial Center (CCC). Community Commercial Center is intended to provide locations or "nodes" for a range of small businesses and services adjacent to residential areas as a convenience to nearby residents. The Community Commercial Center district, as applied in East Happy Valley, corresponds to the Damascus/Boring Concept Plan's designation of Corner Store centers. These mixed use centers in East Happy Valley accommodate small scale retail and services that meet the convenience needs of neighborhood residents. Mixed use is allowed and encouraged. Access to these centers is provided by well-connected local streets and safe bicycle and pedestrian routes. Their design is intended to be highly pedestrian-oriented.

Policy 55C: Location and compatibility of commercial districts. MCC and CCC districts are limited to areas of Happy Valley annexed after the end of 2004. Neighborhood Commercial uses associated with the Rock Creek Mixed-Use Employment, R-5 and SFA districts may be allowed throughout Happy Valley subject to special standards. The location and compatibility criteria in sub-policies 55B.1-55B.3 apply:

Policy 55C.1: Mixed Commercial Center location and compatibility. New MCC districts shall be limited to an area of up

to 15 acres of contiguous land. Building footprint size on any given site is limited to 60,000 sq. ft. per structure. Appropriate locations for MCC districts are generally at the intersection of the following types of streets as designated in the City's TSP:

a) Major or minor arterial street and major or minor arterial street
b) Major or minor arterial street and collector street

All MCC developments involving five acres or more of land are subject to master plan review and design review. In the East Happy Valley Comprehensive Plan Area, a master plan approval is required for the entire lot or parcel proposed for development together with any contiguous lot or parcels owned by the same owner, within the MCC district prior to new development.

In the East Happy Valley Comprehensive Plan Area, one Mixed Commercial Center may exceed the 15-acre limit described above, but may not exceed 20 acres of contiguous property. In this center, the maximum building footprint size is limited to 150,000 square feet per structure, provided the entire contiguous 20-acre area is master planned prior to new development. If the entire contiguous area of this center is not master planned together, the maximum building footprint size is limited to 60,000 square feet per structure. A lot, parcel or other area is not considered contiguous if it is separated from an adjacent MCC district by a public right-of-way. Further, as part of demonstrating compliance with master plan requirements, design review to the Happy Valley Style, and other code criteria, applicants shall demonstrate how: (1) the visual impact of larger scale development has been mitigated; (2) the streetscape is pedestrian-oriented and varied to create visual interest, (3) public amenities are provided and scaled appropriately; (4) transitions to adjacent areas and future development are provided; (5) adequate infrastructure is provided; and, (6) overall design excellence justifies the larger than normal scale of the project.

Policy 55C.2: Community Commercial Center location and compatibility. New CCC districts are limited in size to not more than five acres of contiguous land. Building footprint size on any given site is limited to 30,000 sq. ft. per structure. Appropriate locations for CCC districts are generally at the intersection of the following types of streets as designated in the City's TSP:

a) Major or minor arterial street and major or minor arterial street
b) Major or minor arterial street and collector street
c) Collector street and collector street

Policy 55C.3: Neighborhood Commercial location and compatibility. Neighborhood commercial uses within certain residential districts

are appropriately located on lots at the intersection of the types of streets listed below, as designated in the City's Transportation System Plan. There is a corresponding maximum building area for each Neighborhood Commercial development:

a) Major or minor arterial street and collector street: 7,000 square feet per building.
b) Collector street and collector street: 5,000 square feet per building.
c) Collector street and local street: 3,000 square feet per building.

Policy 55C.4: Master plan the neighborhood centers along 172nd Avenue (Borges extension and Sunnyside areas) to ensure excellent, pedestrian-oriented design. The City's master plan, design review and Happy Valley style procedures and requirements shall be used to plan the neighborhood centers.

Policy 55D: Employment Center. The Employment Center designation is intended to provide for a mix of employment opportunities, located where they are accessible by a variety of transportation modes, including transit service and safe and convenient pedestrian connections. These areas:

1) Provide transition between mixed use centers and residential areas;
2) Provide sites suitable for industrial, office, tech/flex, creative arts, high schools and technical schools (that meet code criteria for compatibility in employment areas), and other businesses in multi-tenant and (in some cases) multi-story buildings. The walkable character of the surrounding urban environment is a defining element.
3) Support limited retail and services serving their locales;
4) Allow housing as part of mixed use buildings and sites.

Policy 55E: Industrial Campus. The Industrial Campus designation is intended to provide employment opportunities consistent with Metro's Title 4 requirements. The district is Happy Valley's zone for implementing Metro's requirements for Regionally Significant Industrial Areas. . IC districts are intended to:

1) Protect sites for larger scale industrial users, with exceptions for pre-existing parcels and committed areas.
2) Provide industrial land near appropriate transportation facilities, specifically Highway 212/224.
3) Retain land for industrial use, in part by limiting the size and location of new buildings for retail commercial uses (such as stores and restaurants) and retail and professional services that cater to daily customers (such as financial, insurance, real estate,

legal, medical and dental offices) to ensure they serve primarily the needs of workers in the area. Non-industrial uses will not exceed 3,000 square feet in a single outlet, or 20,000 square feet in a multi-tenant building. Compatible public facilities will be permitted.

4) Provide for public facilities, parks, education and related uses that are compatible with industrial areas.

Policy 56: Due to rapid growth and staffing constraints, the City of Happy Valley has found it necessary to adopt a number of separate, geographically specific, "comprehensive plans" in the overall land use planning for the city. These include the Rock Creek Comprehensive Plan, the Aldridge Road Comprehensive Plan; the Rock Creek Mixed Employment Comprehensive Plan; and, the East Happy Valley Comprehensive Plan. The following policy sections and sub-sections detail specific policies associated with these "mini comprehensive plans" that have been added to the City's greater Comprehensive Plan policies:

Policy 56A: Generally, the Rock Creek Comprehensive Plan and Aldridge Road Comprehensive Plan will determine land uses and guide the provision of Level 1 facilities and services to land annexed to the City that is located roughly north of Sunnyside Road, east of 137th Drive and west of 162nd Avenue as follows:

*Policy 56A.1 In the Rock Creek **Comprehensive Plan** Area, Commercial and Office needs will be met through annexation of the existing Sunnyside Village Center, and the planned Mixed Use Employment, Mixed Use Commercial and Mixed Use Residential designations.*

*Policy 56B: To plan for the creation of the Rock Creek **Mixed** Employment **(RC-ME)** District. The **RC-ME** ~~Rock Creek Employment~~ District is an approximately 146-acre area located generally northwest of the intersection of Oregon Highway 224 and SE 162nd Avenue. The Area has historically been zoned Exclusive Farm Use ("EFU") pursuant to Clackamas County's acknowledged comprehensive plan and land use regulations while it was outside of the Portland Metropolitan Urban Growth Boundary ("UGB"). This area is subject to the Damascus-Boring Concept Plan ("Concept Plan") required by the site's 2002 inclusion within the UGB. The Concept Plan, approved by Metro and the Happy Valley City Council, established that this area will be an Employment Area implementing Metro Functional Plan Title 4, "Industrial and Other Employment Areas." However, the site is not subject to the Industrial or the Regionally Significant Industrial Area restrictions contained in Title 4.*

To implement the Concept Plan vision for this site, the City adopted the Rock Creek Mixed Employment ("RC-ME") zoning district consistent with applicable provisions of the Happy Valley Comprehensive Plan and the Metro Functional Plan providing for a variety of employment-generating uses.

[…]

Policy 56D: ***In order to expand the local economy to its fullest potential, the City of Happy Valley will work closely with local, regional and state economic development entities to create a positive environment that supports expansion of existing businesses and attracts new living wage employers. The City will accomplish this through strategic investments in economic development marketing and infrastructure and based on the pursuit of the following policies:***

Policy 56D.1: ***The City will continue to monitor and research levels of private investment leveraged by the City of Happy Valley, Clackamas County, and regional/state/federal governments; utilize City and local public and private investments as a local funding match on state and federal grants, when allowed in pursuit of grant funding; and, will leverage City and county resources with other public and private funds where feasible and equitable.***

Policy 56D.2: ***Increase marketing exposure of shovel-ready development sites, including a mix of site sizes (i.e., 5-acre to 10-acre) to meet business expansion requirements; recruit businesses that offer living wages that are higher than the statewide average for all private business establishments; and, support urban agricultural and environmental tourism efforts within Happy Valley, as appropriate.***

Policy 56D.3: ***Support local, county, regional, state, and federal land use, environmental, and transportation projects and initiatives that may positively impact or influence business development in Happy Valley and maintain and improve the working relationship with secondary education establishments, and local Worksource training networks.***

Policy 56D.4: ***Work with Clackamas County and local residents and businesses to solidify a vision and preliminary design plan for a new Rock Creek Employment Center and Happy Valley Town Center and work with Clackamas County, ODOT and potential site tenants to obtain full funding commitments for on and off-site public infrastructure improvements;***

~~*The Land Use Plan is the ultimate formulation of all projections, factors and elements of the community. Residents of the area are aware of the consequences of undirected and uncontrolled urban development in an area which has experienced only modest urbanization and is just beginning to show some degree of urban form. The intensity of future development is an extremely important consideration and because the Valley is on the fringe of the metropolitan urban area, that intensity must be less than in other areas in order to maintain the community's character and to fit into the metropolitan urbanization pattern.*~~"

[…]

IV. FINDINGS OF FACT

1. The following Statewide Planning Goals are applicable to the subject request:

"Goal 1 (Citizen Involvement)

To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.

Staff Response:

In addition to providing the published notice associated with this application (Exhibit 4), the City formed a Business Advisory Committee (BAT) that met three times to discuss and debate the intricacies of the EOA (see details in Exhibit 3).. Therefore, this criterion was satisfied by the citizen involvement process associated with the BAT and public hearings before the Planning Commission and City Council.

Goal 9 (Economic Development)

To provide adequate opportunities throughout the state for a variety of economic activities liable to the health, welfare, and prosperity of Oregon's citizens.

Staff Response:

Statewide Planning Goal 9 calls for diversification and improvement of the economy. This Goal asks communities to inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs. The EOA has significantly furthered the City's compliance with Goal 9 by adding an EOA to the work finalized in 2009 with the East Happy Valley Comprehensive Plan, which added industrial and commercial zoned land within the existing city limits. Therefore, this criterion is satisfied by the proposed amendments.

2. The following Oregon Administrative Rules (OAR) are applicable to the subject request:

OAR Chapter 660, Division 9 (Economic Development)

[...]
"660-009-0015
Economic Opportunities Analysis

Cities and counties must review and, as necessary, amend their comprehensive plans to provide economic opportunities analyses containing the information described in sections (1) to (4) of this rule. This analysis will compare the demand for land for industrial and other employment uses to the existing supply of such land.
(1) Review of National, State, Regional, County and Local Trends. 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 based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A

use or category of use could reasonably be expected to expand or locate in the planning area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.

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

(3) Inventory of Industrial and Other Employment Lands. 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.

(a) For sites inventoried under this section, plans must provide the following information:

(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;

(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and

(C) For cities and counties within a Metropolitan Planning Organization, the inventory must also include the approximate total acreage and percentage of sites within each plan or zoning district that comprise the short-term supply of land.

(b) When comparing current land supply to the projected demand, cities and counties may inventory contiguous lots or parcels together that are within a discrete plan or zoning district.

(c) Cities and counties that adopt objectives or policies providing for prime industrial land pursuant to OAR 660-009-0020(6) and 660-009-0025(8) must identify and inventory any vacant or developed prime industrial land according to section 3(a) of this rule.

(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:

(a) Location, size and buying power of markets;
(b) Availability of transportation facilities for access and freight mobility;
(c) Public facilities and public services;
(d) Labor market factors;
(e) Access to suppliers and utilities;
(f) Necessary support services;
(g) Limits on development due to federal and state environmental protection laws; and
(h) Educational and technical training programs.

(5) Cities and counties are strongly encouraged to assess community economic development potential through a visioning or some other public input based process in conjunction with state agencies. Cities and counties are strongly encouraged to use the assessment of community economic development potential to form the community economic development objectives pursuant to OAR 660-009-0020(1)(a).

Staff Response:

The EOA and Appendix address and comply with the requirements of this section of the OAR. Therefore, these criteria are satisfied by the proposed amendments.

660-009-0020
Industrial and Other Employment Development Policies

(1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives. The plan must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Policy objectives may identify the level of short-term supply of land the planning area needs. Cities and counties are strongly encouraged to select a competitive short-term supply of land as a policy objective.

(b) Commitment to Provide a Competitive Short-Term Supply. Cities and counties within a Metropolitan Planning Organization must adopt a policy stating that a competitive short-term supply of land as a community economic development objective for the industrial and other employment uses selected through the economic opportunities analysis pursuant to OAR 660-009-0015.

(c) Commitment to Provide Adequate Sites and Facilities. The plan must include policies committing the city or county to designate an adequate number of sites of suitable sizes, types and locations. The plan must also include policies, through public facilities planning and transportation system planning, to provide necessary public facilities and transportation facilities for the planning area.

(2) Plans for cities and counties within a Metropolitan Planning Organization or that adopt policies relating to the short-term supply of land, must include detailed strategies for preparing the total land supply for development and for replacing the short-term supply of land as it is developed. These policies must describe dates, events or both, that trigger local review of the short-term supply of land.

(3) Plans may include policies to maintain existing categories or levels of industrial and other employment uses including maintaining downtowns or central business districts.

(4) Plan policies may emphasize the expansion of and increased productivity from existing industries and firms as a means to facilitate local economic development.

(5) Cities and counties are strongly encouraged to adopt plan policies that include brownfield redevelopment strategies for retaining land in industrial use and for qualifying them as part of the local short-term supply of land.

(6) Cities and counties are strongly encouraged to adopt plan policies pertaining to prime industrial land pursuant to OAR 660-009-0025(8).

(7) Cities and counties are strongly encouraged to adopt plan policies that include additional approaches to implement this division including, but not limited to:

(a) Tax incentives and disincentives;
(b) Land use controls and ordinances;
(c) Preferential tax assessments;
(d) Capital improvement programming;
(e) Property acquisition techniques;
(f) Public/private partnerships; and

(g) Intergovernmental agreements.

Staff Response:

The EOA, Appendix and proposed Comprehensive Plan policy amendments aid in providing further compliance by the City with the requirements and recommendations of this section of the OAR. Therefore, these criteria are satisfied by the proposed amendments.

3. The following sections of Title 16 of the Happy Valley Municipal Code (DEVELOPMENT CODE) are applicable to this request:

*"**16.67.015 Initiation of a plan amendment.***
[...]
B. Amendments to the Land Development Code. An amendment to any chapter or section of this title for the purpose of adding or deleting words or subjects, broadening or narrowing scope, providing direction, clarification or improvement of the Development Code may be initiated by any person or persons, including the City itself. See Sections 16.67.020 and 16.67.030 of this chapter.

Staff Response:

The proposed amendments are initiated by city staff. Therefore, this criterion is satisfied.

16.67.020 Legislative amendments.
Legislative amendments are policy decisions made by City Council. Except in the case of expedited annexation, they are reviewed using the Type IV procedure in Section 16.61.050 and shall conform to the Transportation Planning Rule provisions in Section 16.67.060, as applicable."

Staff Response:

The proposed amendments are legislative in nature, and will require final approval by the City Council. The process utilized for review of the proposed amendments is a Type IV procedure, and the provisions of the Transportation Planning Rule do not apply to any of the proposed amendments. Therefore, this criterion is satisfied.

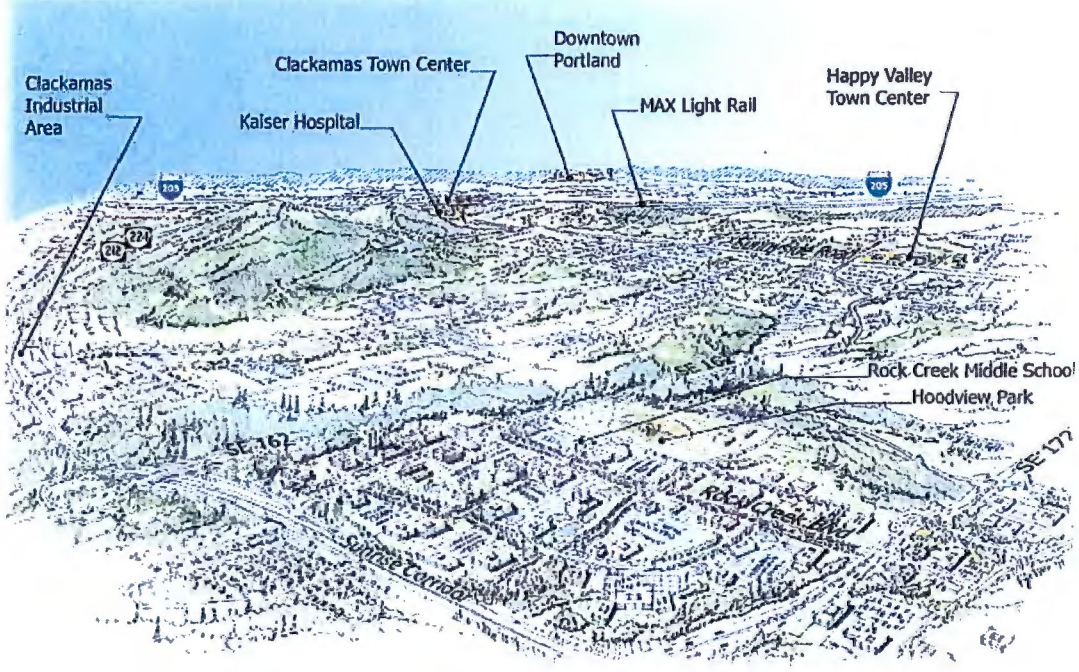
V. RECOMMENDATION

The proposed adoption of the EOA and corresponding Comprehensive Plan amendments represent the incorporation of a valuable tool into the City's Comprehensive Plan. Therefore, staff recommends that the Planning Commission forward a recommendation of approval of CPA-03-11 (Economic Opportunities Analysis) to the City Council.

FCS GROUP

4380 SW Macadam Avenue
Suite 220
Portland, OR 97239
T:503.841.6543 F: 503.841.6573

CITY OF HAPPY VALLEY
ECONOMIC OPPORTUNITIES ANALYSIS



May 31, 2011

EXHIBIT # 2

ACKNOWLEDGEMENTS

This report was funded in part from a Technical Assistance Grant provided by the Oregon Department of Land Conservation and Development, with in-kind support from the City of Happy Valley Economic and Community Development Department and public works staff. We sincerely appreciate the input provided by City staff, Business Advisory Task Force committee members, and local community stakeholders.

Happy Valley Mayor and City Council

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

Happy Valley Planning Commission

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

Happy Valley EOA Business Advisory Taskforce

- Wendy Burns, Burns & Olsen Realtors
- Lori DeRemer, Mayor and local resident
- Terry Emmert, Emmert International
- Glenda Fossum-Smith, Providence Health Systems
- Matt Grady, Gramor (commercial development company)
- Lydia Hamann, Happy Valley Business Alliance (president) and West Coast Bank
- Ted Hartzell, Happy Valley Planning Commission and local resident
- Rob Klever, former Happy Valley Planning Commission Chairman and local resident
- Renate Mengleburg, Clackamas County Business and Economic Development
- Wilda Parks, North Clackamas Chamber of Commerce

Happy Valley Staff

- Jason A. Tuck, City Manager
- Michael D. Walter, AICP, Project Manager, Economic and Community Development Director
- Carol A. Earle, P.E., City Engineer

FCS GROUP Consultant Staff

- E. Todd Chase, AICP, LEED® AP, Senior Project Manager/Economist
- Tim Wood, Analyst
- Bob Yakas, AIA, Urban Design
- Amy Florence, Technical Support

Additional Project Consultants:

- Justin Healy, Real Urban Geographics (GIS analysis)

TABLE OF CONTENTS

SECTION I: INTRODUCTION 1
A. Oregon Regulatory Requirements 1
B. Methodology and Approach 1

SECTION II: BUILDABLE LAND ANALYSIS 3
A. Buildable Land Inventory (BLI) Methodology 3
B. Long-Term Employment Land Inventory 4
C. Short-Term Employment Land Inventory 4
D. subRegional Employment Land Considerations 5

SECTION III: EMPLOYMENT TRENDS 6
A. *Employment Trends Analysis* 6
B. Happy Valley Employment Growth Forecasts 7
C. Opportunities and Constraints Analysis 9
D. Target Business Clusters Analysis 9

SECTION IV: EMPLOYMENT LAND NEEDS 13
A. Employment space Needs Analysis 13
B. Overall Employment Land Need Requirements 13
C. Site Requirements 16

SECTION VI: POLICY ACTIONS 17
A. Policy Actions 17
B. Happy Valley Economic Development Objectives 18
Mission Statement: 18
Goal 1: Establish and Strengthen Public/Private Partnerships 19
Goal 2: Increase Economic Vitality of Happy Valley 19
Goal 3: Become a Visible Economic Development Leader in the Greater Portland Region 19
Goal 4: Facilitate Development of Rock Creek Employment Center and Happy Valley Town Center Infrastructure 20
Goal 5: Monitor Performance and Periodically Adjust Goals and Objectives 21

APPENDICES (see separate Happy Valley EOA Technical Appendix document)

Happy Valley EOA Appendix A –Meeting Notes and Community Outreach

Happy Valley EOA Appendix B – Employment Trends Analysis/Assumptions

Happy Valley EOA Appendix C – Employment Buildable Land Inventory

Happy Valley EOA Appendix D – Existing Economic Development Policies

Happy Valley EOA Appendix E – Clackamas Industrial Area Analysis

Happy Valley EOA Appendix F – Criteria for Specific Development Sites

SECTION I: INTRODUCTION

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

A. OREGON REGULATORY REQUIREMENTS

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

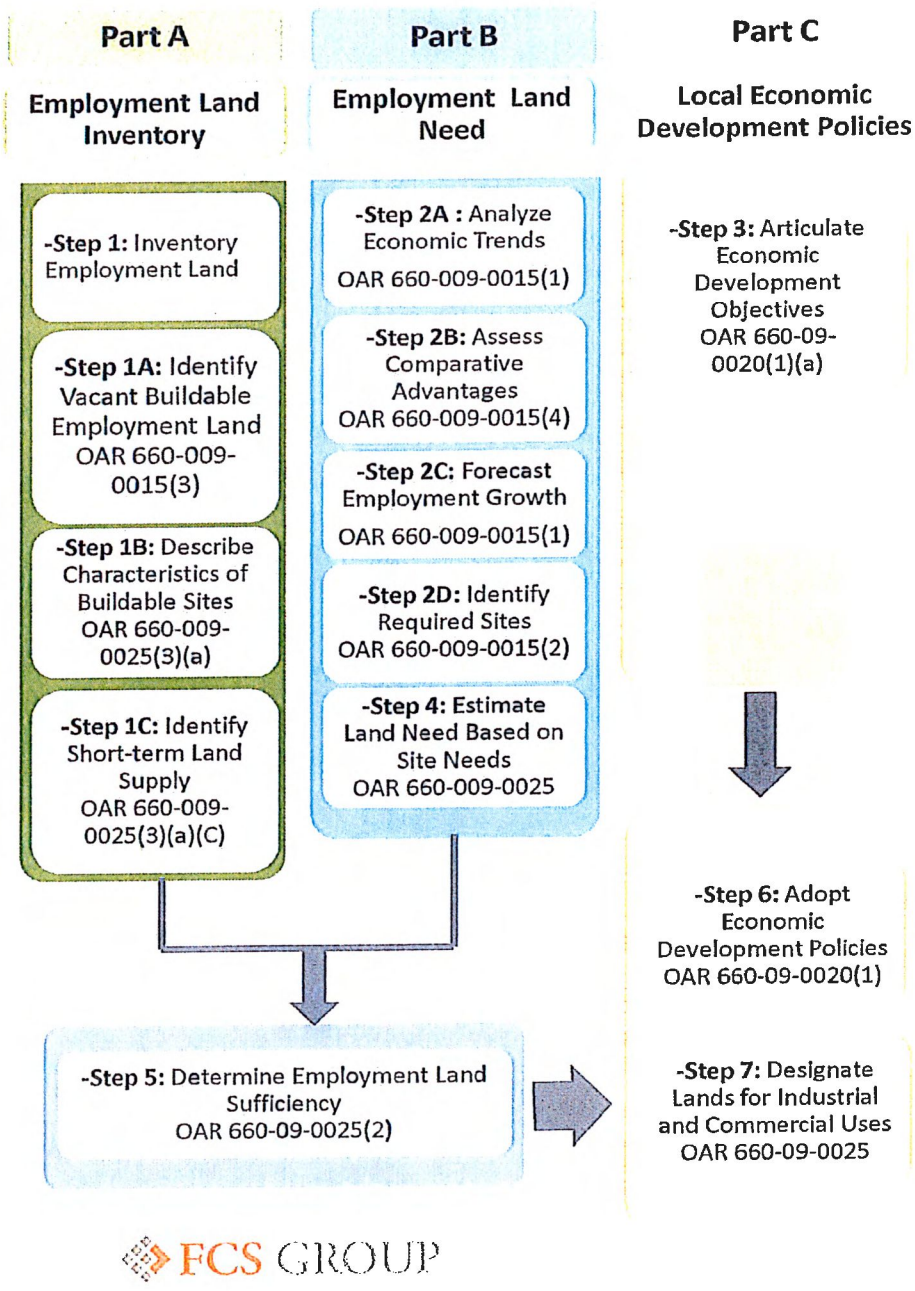
- Local vision for strengthening local economies through the adoption of local economic policies that include community economic development objectives (CEDOs).
- Local urban growth requirements (land needs) for providing adequate land needed to accommodate 20-year employment growth forecasts. Land needs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

B. METHODOLOGY AND APPROACH

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

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

Figure 1. Happy Valley EOA Methodology and Approach



SECTION II: BUILDABLE LAND ANALYSIS

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

A. BUILDABLE LAND INVENTORY (BLI) METHODOLOGY

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

Table 1. Existing Employment Zone Classifications in Happy Valley Area

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

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

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

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

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

B. LONG-TERM EMPLOYMENT LAND INVENTORY

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

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

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

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

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

C. SHORT-TERM EMPLOYMENT LAND INVENTORY

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

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

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

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

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

** intended for RC-ME zoning per East Happy Valley land use plan.*
Source: Real Urban Geographics, April 15, 2011 GIS analysis.

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

D. SUBREGIONAL EMPLOYMENT LAND CONSIDERATIONS

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

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

SECTION III: EMPLOYMENT TRENDS

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

A. EMPLOYMENT TRENDS ANALYSIS

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

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

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

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

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

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

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

B. HAPPY VALLEY EMPLOYMENT GROWTH FORECASTS

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

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

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

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

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

---

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

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

	Households			Projected Change 2005-2035	Projected Avg. Annual Change (%)
	2005	2030	2035		
Happy Valley	**4,746**	**14,665**	**16,600**	**11,854**	**4.2%**
Clackamas County	140,415	241,821	269,594	129,179	2.2%
Multnomah County	288,926	372,913	392,439	103,513	1.0%
Washington County	189,925	272,998	293,545	103,620	1.5%
Total 3 County Region	***619,266***	***887,732***	***955,578***	**336,312**	***1.5%***

	Employment			Projected Change 2005-2035	Projected Avg. Annual Change (%)
	2005	2030	2035		
Happy Valley	**2,471**	**11,886**	**13,769**	**11,298**	**5.9%**
Clackamas County	**145,581**	**251,286**	280,273	134,692	**2.2%**
Multnomah County	493,671	705,721	758,005	264,334	1.4%
Washington County	269,660	450,970	499,820	230,160	2.1%
Total 3 County Region	***908,912***	***1,407,977***	***1,538,098***	**629,186**	***1.8%***

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

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

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

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

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

C. OPPORTUNITIES AND CONSTRAINTS ANALYSIS

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

D. TARGET BUSINESS CLUSTERS ANALYSIS

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

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

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

Industry Sectors with Large LQ/High Growth Potential ("Stars")
- Educational Services (private or non-profit)
- Leisure and Hospitality (includes restaurants)
- Retail Trade

Industry Sectors with Small LQ/High Growth Potential ("Emerging")
- Health Care
- Professional and Business Services
- Miscellaneous Services

Industry Sectors with Large LQ/Low Growth Potential ("Mature")
- Construction
- Financial Activities and Services
- Natural Resources
- Transportation & Warehousing

Industry Sectors with Small LQ/Low Growth Potential ("Challenged")
- Manufacturing
- Wholesale Trade
- Information
- Government

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

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

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

Recommended Business Clusters

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

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

---

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

Figure 2. Existing Business Clusters in Happy Valley, 2008

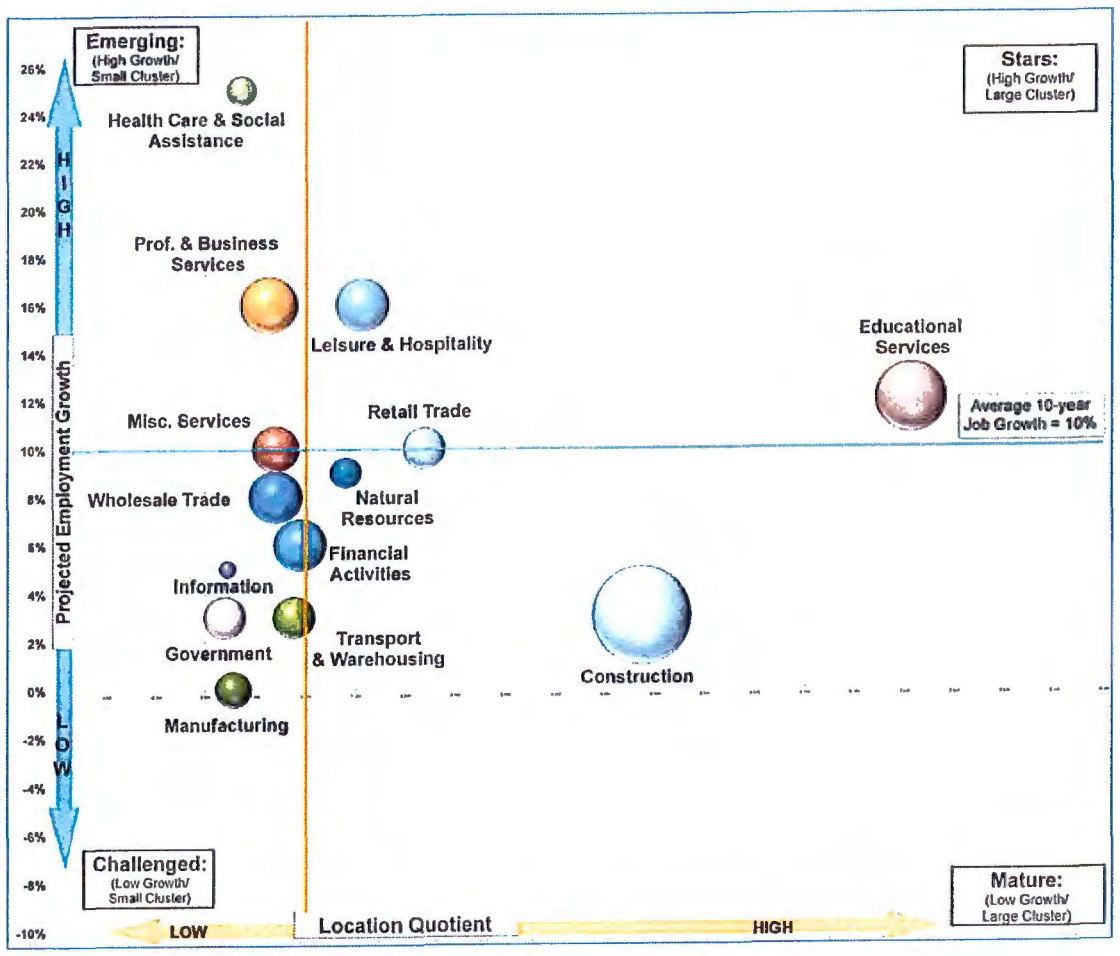
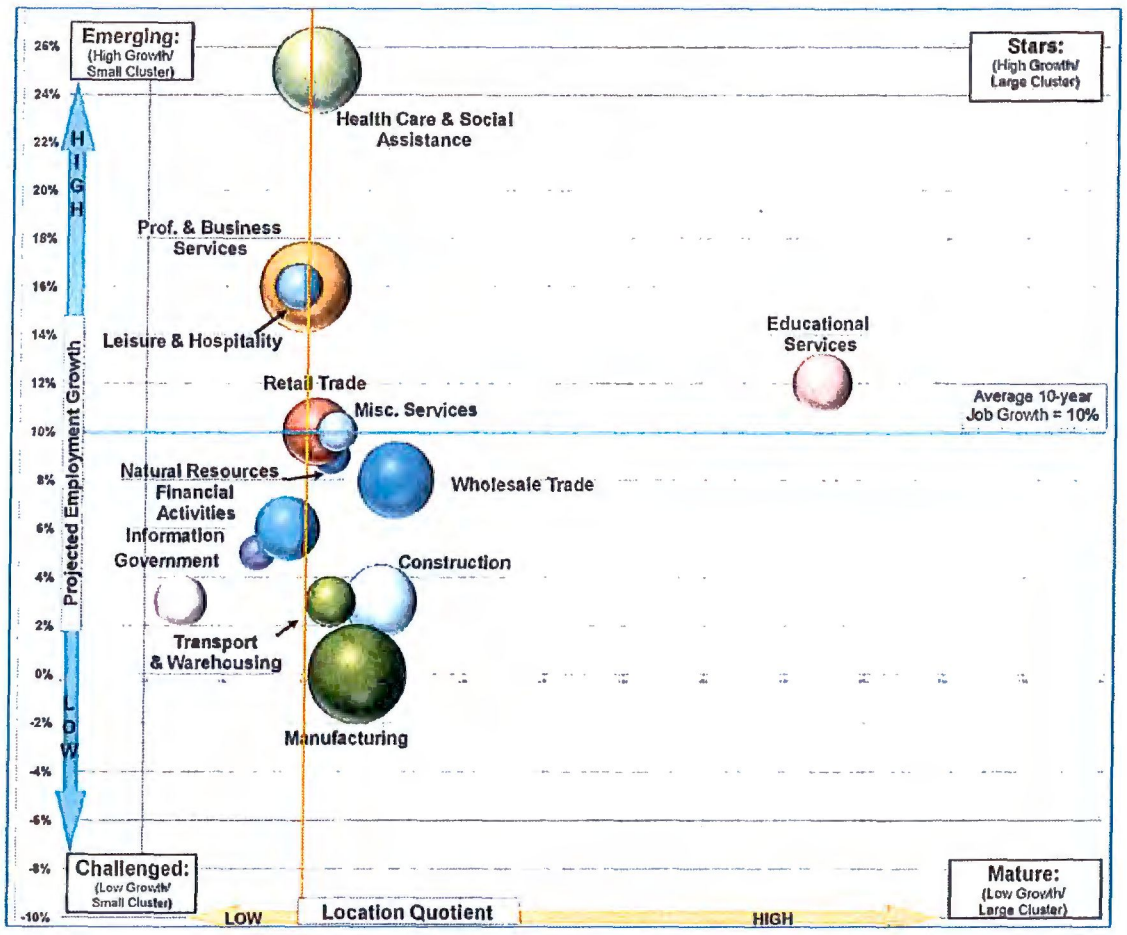


Figure 3. Existing Business Clusters in Clackamas County, 2008



SECTION IV: EMPLOYMENT LAND NEEDS

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

A. EMPLOYMENT SPACE NEEDS ANALYSIS

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

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

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

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

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

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

B. OVERALL EMPLOYMENT LAND NEED REQUIREMENTS

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

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

Industrial Land Need and Parcel Requirements

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

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

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

Industrial Land Demand and Supply	Low Growth Scenario (acres)	Medium Growth Scenario (acres)	High Growth Scenario (acres)
Demand (acres)	92	122	152
Supply (acres)	207	207	207
Land Surplus (supply less demand)	**115**	**85**	**54**

Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus (tax lots)
Less Than 1 acre	11	0	11
1 to 2 acres	19	2	17
2 to 5 acres	20	4	16
5 to 10 acres	4	6	(2)
10+ acres	8	4	2
Total	**60**	**16**	**44**

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

Employment/Office Land Need and Parcel Requirements

As indicated in **Table 8**, with an employment/ mixed-use land supply of 239 acres, Happy. Valley appears to have a more than adequate existing vacant land supply to meet the land demand forecasts for all employment land need scenarios. The medium land need scenario assumes 71 acres of net new commercial and mixed-use land demand, which equates to about one-quarter of the vacant commercial and mixed-use land supply. Under the high land need scenario, 89 acres of land demand is expected, which leaves approximately150 acres of vacant land after the 20-year planning period.

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

Employment Land Demand and Supply	Low Land Use Scenario (acres)	Medium Land Use Scenario (acres)	High Land Use Scenario (acres)
Demand	53	71	89
Supply	239	239	239
Land Surplus (supply less demand)	**185**	**167**	**150**

Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus (tax lots)
Less Than 1 acre	4	0	4
1 to 2 acres	5	1	4
2 to 5 acres	12	2	10
5 to 10 acres	9	5	4
10+ acres	6	2	4
Total	**36**	**10**	**26**

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

Commercial Land Need and Parcel Requirements

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

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

Land Demand and Supply	Low Land Use Scenario (acres)	Medium Land Use Scenario (acres)	High Land Use Scenario (acres)
Demand	55	73	91
Supply	76	76	76
Land Surplus or Deficit (supply less demand)	**21**	**3**	(16)

Preliminary Parcel Distribution, Medium Land Use Scenario	Existing Supply (tax lots)	Forecast of Parcel Demand (tax lots)	Surplus or (Deficit) (tax lots)
Less Than 1 acre	10	2	8
1 to 2 acres	5	6	(1)
2 to 5 acres	7	5	2
5 to 10 acres	4	4	0
10+ acres	1	1	0
Total	**27**	**18**	**9**

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

C. SITE REQUIREMENTS

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

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

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

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

Table 10. Typical Site Size Requirements for Targeted Business Types

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

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

SECTION VI: POLICY ACTIONS

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

A. POLICY ACTIONS

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

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

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

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

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

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

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

- **Planning and Permitting Risks**

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

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

- ***Advance Sunrise Corridor ROW Purchase Risks***

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

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

B. HAPPY VALLEY ECONOMIC DEVELOPMENT OBJECTIVES

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

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

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

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

Mission Statement:

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

Goal 1: Establish and Strengthen Public/Private Partnerships

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

Strategies:

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

Goal 2: Increase Economic Vitality of Happy Valley

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

Strategies:

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

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

Strategies:

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

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

Strategies:

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

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

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

Strategies:

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

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

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

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

Strategies:

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

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

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

Strategies:

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

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

Strategies:

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

Objective 4.3: Optimize Overall Site Development Potential

Strategies:

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

Objective 4.4: Oversee Development Regulations

Strategies:

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

Goal 5: Monitor Performance and Periodically Adjust Goals and Objectives

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

Strategies:

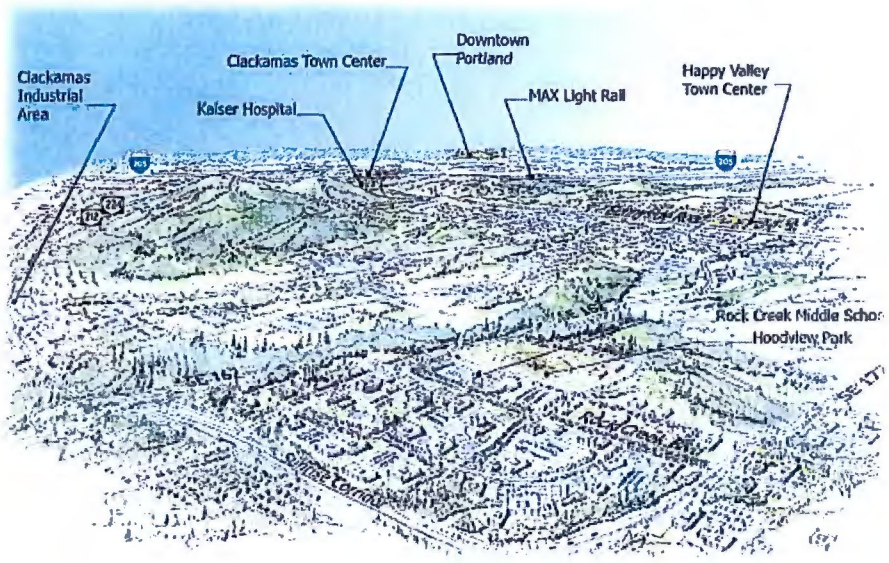
- Prepare annual review of local success in achieving each of the aforementioned goals and objectives. Indicate whether the goal has been initiated, level of staff resources and budget expended, percent completion, and anticipated completion date.
- Identify direct investments leveraged by City resources,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

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

FCS GROUP

4380 SW Macadam Avenue
Suite 220
Portland, OR 97239
T:503.841.6543 F: 503.841.6573

CITY OF HAPPY VALLEY
ECONOMIC OPPORTUNITIES ANALYSIS
TECHNICAL APPENDIX



May 31, 2011

EXHIBIT # 3

TABLE OF CONTENTS

Appendix A – Meeting Notes and Community Outreach 1
Appendix B – Employment Trends Analysis/Assumptions 13
Appendix C – Employment Buildable Land Inventory 35
Appendix D – Existing Economic Development Policies 40
Appendix E – Clackamas Industrial Area Analysis 51
Appendix F – Criterial for Specific Development Sites 57

APPENDIX A – HAPPY VALLEY EOA MEETING NOTES & COMMUNITY OUTREACH

Appendix A-1 Happy Valley Business Advisory Taskforce Meeting #1

Meeting Notes

To: Michael Walter, AICP, City of Happy Valley **Date:** September 8, 2010

From: Todd Chase, AICP, LEED, FCS GROUP

CC: Happy Valley Business Advisory Taskforce (BAT)

RE Happy Valley Economic Opportunities Analysis BAT Meeting No. 1

The first Happy Valley Economic Opportunities Analysis (EOA) BAT meeting was conducted on August 23, 2010 from 7:00 to 8:45 pm at the City of Happy Valley, City Hall. The meeting agenda and list of attendees are attached.

Meeting Handouts

Prior to this meeting, BAT members were provided: the meeting agenda; a draft map depicting vacant employment lands in the Happy Valley Study Area; and annotated excerpts from the Happy Valley Comprehensive Plan pertaining to existing local employment –related land use policies.

Items Discussed/BAT Input

Michael Walter provided an introduction and summarized the overall goals and objectives for the EOA and Goal 9 update. Todd Chase provided an overview of the planning process, and indicated that the BAT would be a policy sounding board and review body that would meet about 3 times during the planning process. BAT representatives would also be invited to testify during the public hearing process once the EOA is slated for adoption.

After discussing and reviewing the existing local employment-related policies and the draft buildable land maps and tabular summaries, the BAT membership identified the following issues.

- Tom Hogue of DLCD is currently developing an expedited EOA approval process, but it is not expected to be finished until after the Happy Valley EOA is completed.
- Happy Valley must make sure it plans on diversifying its existing residential oriented tax base with more commercial and industrial land to become more fiscally sustainable.
- Growth of future employment opportunities in East Happy Valley should take into consideration planned competitive large lot industrial areas in the east Portland metro region, including Damascus, Springwater and Beavercreek.
- The Happy Valley EOA study area should be expanded to take into account the entire Clackamas Industrial Area north of the Clackamas River and east of I-205.

- The fact that Providence is a non-profit means that the city would not receive direct propty tax revenues from investment in the planned Rock Creek Employment Center medical campus.

- Happy Valley needs to continue to attract large employers (such as Providence) to make sure that it has both large and small business establishments to help diversity its local economic base.

- The Sunrise Corridor project must be extended from I-205 to 172nd Avenue to help realize the full economic potential for the Happy Valley and 172nd Avenue Corridor. ODOT must continue to work with Clackamas County, Metro and local jurisdictions to complete this entire segment, especially ROW acquisition and protection in the first phase of the Sunrise Corridor project. Current cost estimates for the entire project from I-205 to US 26 are about $1.6 billion, with $130 million planned on phase 1.

- A TIGER 2 Grant is being pursued to straighten out the Hwy. 212 curves south of the Rock Creek Employment Center. That effort, along with extension of 162nd Avenue across Rock Creek to the north would enable Providence to move forward with development of its properties.

- The Highway 212/82nd Avenue intersection has been deemed one of the most congested transportation nodes in the east metro region, and must be fixed soon or the Clackamas Industrial Area is at risk of losing key employers. The Sunrise Corridor phase 1 will help alleviate this problem.

- To optimize job growth, the future housing base in Happy Valley must include both work force housing and executive housing in locations that are convenient to planned employment centers.

- Existing local strengths in Happy Valley include its schools, parks, public safety, single family housing, and low property tax rates.

- Roadway access/capacity deficiencies and lack of workforce housing are considered to be major local deficiencies.

- Existing planned development opportunities in Happy Valley include the Providence Rock Creek Medical Campus (70 acres); Eagle Landing Commercial Center (70 acres); community shopping center at 172nd/Sunnyside Road (30 acres); and mixed-use development near the existing Happy Valley Town Center.

Next Steps

The consultant team will work on revising the employment land supply analysis and completing the market trends analysis (demand) and will share results at the next BAT meeting to be schedule in early November.

Attachment A
Happy Valley BAT Meeting #1 Attendees

Name	Affiliation
Michael Walter	City of Happy Valley
Todd Chase	FCS GROUP (EOA consultant team)
Justin Healy	Real Urban Geographics (EOA consultant team)
Wendy Burns	Burns & Olsen Realtors (local business rep.)
Ted Hartzell	Local Resident – Planning Commissioner
Lydia Hamann	Happy Valley Business Alliance President/West Coast Bank
Renate Mengleburg	Clackamas County staff and Economic Development Commission rep.
Glenda Fossum-Smith	Providence
Matt Grady	Gramor, Commercial Developer
Terry Emmert	Emmert International (local property owner and business rep.)
Rob Klever	Local Resident/former Happy Valley Planning Commissioner

FCS GROUP

City of Happy Valley

Happy Valley Economic Opportunities Analysis
Business Advisory Taskforce (BAT)
Meeting Agenda

Date and Time: Monday, August 23, 2010, 7:00 p.m.

Subject: EOA Kick-off Meeting

7:00 pm **Welcome and Introductions**
- Introductions
- Meeting Purpose and Overview

Project Background, Overview and Update
- Project Purpose and Goals
- Planning and Process Overview

Background and Existing Conditions
- Existing Comp. Plan Policies
- Existing Commercial & Industrial Buildable Lands
- Future Development Opportunities

Group Discussion
- EOA Analysis Input

Summary and Next Steps

9:00 pm **Meeting Close**

4380 SW Macadam Ave., Suite 220 Portland, OR 97239
ph (503) 841-1543 • fax (503) 841-1572 • ladder@fcsgroup.com
www.fcsgroup.com

Appendix A-2 Happy Valley EOA Business Advisory Taskforce Meeting #2

Meeting Notes

To: Michael Walter, AICP, City of Happy Valley **Date:** December 15, 2010

From: Todd Chase, AICP, LEED, FCS GROUP

CC: Happy Valley Business Advisory Taskforce (BAT)

RE Happy Valley Economic Opportunities Analysis BAT Meeting No. 2

The second Happy Valley Economic Opportunities Analysis (EOA) BAT meeting was conducted on December 14, 2010 from 7:00 to 8:50 pm at the City of Happy Valley, City Hall. The meeting agenda and list of attendees are attached.

Meeting Handouts

Prior to this meeting, BAT members were provided: the meeting agenda; a summary of prior meeting minutes; and a draft *Powerpoint* presentation summarizing the demand trends.

Items Discussed/BAT Input

Michael Walter provided an introduction and thanked all participants for attending. Todd provided an overview of the EOA planning process, and indicated that the BAT may be asked to attend one additional meeting in early February. BAT representatives would also be invited to testify during the public hearing process once the EOA is slated for adoption.

Todd updated the BAT on the work progress made since the last meeting. Todd provided revised Buildable Land Maps, with the area of special interest extended south to the Clackamas River. Next, Todd presented the preliminary demand trends analysis using the presentation provided. After discussing and reviewing the existing local employment-related policies and the draft buildable land maps and tabular summaries, the BAT membership identified the following issues.

- BAT members noted that the Metro and state of Oregon long-range employment forecasts make a general assumption that adequate public infrastructure is provided to support the job forecasts. This requires the Sunrise Corridor to be extended at least to 172nd Avenue, and other major projects, such as the Rock Creek Bridge to be built.

- The BAT requested a sample listing of the firms that make up the exiting Happy Valley employment clusters. Todd recommended that the term "Leisure & Hospitality" be changed to "Lodging & Restaurants."

- The BAT recommended the following target clusters for Happy Valley: Health Care and Bio Tech; Advanced Manufacturing; and Professional Business Services. It was noted that recent and planned investments by Clackamas Community College and OIT support these clusters.

- It was mentioned that Kaiser Hospital currently has a research lab near the Portland Airport, and that it is the type of business and land use that should be targeted for Happy Valley.

- BAT members indicated that Employment and Industrial zoning should be kept flexible as to not make the mistakes like in Oregon City where overly restrictive Campus Industrial zoning and relatively poor location (and other factors) led to no activity occurring with respect to job growth or business investment for several years.

- It was noted that the preliminary Floor Area Ratio (FAR) assumption used in the analysis is a bit higher than what has been built to date in Happy Valley, but generally consistent with Metro's current Urban Growth Report assumptions. It was agreed to keep these relatively optimistic assumptions, for all but general industrial buildings, which should assume an FAR of 0.25.

- Todd noted that the preliminary findings generally indicate that there is an ample supply of industrial and employment zoned land in Happy Valley to meet 20-year needs. However, the commercial land supply looks a bit tight. Todd recommended that the city explore ways to encourage additional mixed-use employment land in areas east of the Happy Valley Town Center, and along E or I zones with relatively steep slopes. This approach would enable the city to address future commercial and service demand that may not be met with the current more limited commercial vacant land supply. Another advantage of this approach is that it could result in more development flexibility for future developers and property owners, and allow steeper land areas to be more fully utilized within the city limits. The BAT expressed agreement with this approach.

- BAT members noted that there are a few key tax lots shown as being vacant and buildable in the vacant lands buildable land inventory (BLI) for the special planning area that are unbuildable due to floodplains, slopes and other limitations. Two large tax lots, including the KEX Tower Site near I-205 and the Quarry Site near the Clackamas River are deemed by the BAT to be unbuildable, and should be re-evaluated and/or removed from the BLI.

- The BAT also recommended that the BLI analysis be based on a 10% or greater slope for Industrial Zones (versus the 25% slope), and that Metro Title 3 and Title 13 constraints may also be considered to net out unbuildable lands.

- With regard to potential economic development and implementation policies, the BAT expressed support for raising public and elected official awareness of the potential employment benefits that would be created if the Sunrise Corridor was extended. This would help leverage non-local grants from ODOT and USDOT and other agencies.

- There was support by some BAT members for variable SDCs that provide incentive (lower fees) for strategic development types, such as new business investment for the strategic business clusters, and mixed-use development with proximity to transit service.

Next Steps

The consultant team will work on revising the employment land supply and demand analysis and completing the draft Economic Opportunities Analysis (EOA) by early January. The next BAT meeting will be scheduled in early February.

Attachment A
Happy Valley BAT Meeting #2 Agenda

Happy Valley Economic Opportunities Analysis
Business Advisory Taskforce (BAT)
Meeting Agenda

Date and Time: Tuesday, December 14, 2010, 7:00 p.m.

Subject: EOA BAT Meeting #2

7:00 pm **Welcome and Introductions**
- Introductions
- Meeting Purpose and Overview

Preliminary Demand Findings
- Trends
- Land Needs

Draft Buildable Lands Analysis
- Existing Commercial & Industrial Buildable Lands
- Future Development Opportunities

Group Discussion
- EOA Analysis Input

Summary and Next Steps

9:00 pm **Meeting Close**

Attachment B
BAT Meeting #2 Attendees

Name	Affiliation
Michael Walter	City of Happy Valley (city's EOA project manager)
Todd Chase	FCS GROUP (EOA consultant team)
Wilda Parks	North Clackamas County Chamber of Commerce
Wendy Burns	Burns & Olsen Realtors (local business rep.)
Lori DeRemer	Local Resident – Mayor Elect
Renate Mengleburg	Clackamas County staff and Economic Development Commission rep.
Matt Grady	Gramor, Commercial Developer
Terry Emmert	Emmert International (local property owner and business rep.)
Rob Klever	Local Resident/former Happy Valley Planning Commissioner

Appendix B-3 Happy Valley EOA Business Advisory Taskforce Meeting #3

Meeting Notes

To: Michael Walter, AICP, City of Happy Valley **Date:** March 7, 2011

From: Todd Chase, AICP, LEED, FCS GROUP

CC: Happy Valley Business Advisory Taskforce (BAT)

RE Happy Valley Economic Opportunities Analysis BAT Meeting No. 3

The third Happy Valley Economic Opportunities Analysis (EOA) BAT meeting was conducted on March 7, 2011 from 7:00 to 8:45 pm at the City of Happy Valley, City Hall. The meeting agenda and list of attendees are attached.

Meeting Handouts

Prior to this meeting, BAT members were provided: the meeting agenda; draft Community Economic Development Objectives, and related draft economic vision, policy objectives and land use code strategies. At the meeting, Todd provided a copy of the March 7, 2011 Powerpoint presentation on draft EOA findings.

Items Discussed/BAT Input

Michael Walter initiated self-introductions and thanked BAT members for participating in the EOA and Goal 9 process. Todd Chase summarized the findings from the EOA work tasks.

- Todd indicated that the draft buildable land analysis findings have been revised to take into BAT recommendations to remove the large site that is encumbered by wetlands and cell radio towers near Lawnfield Road; and the revised assumption that includes netting out slopes over 10% for industrial zones, and slopes over 25% for other employment zones.
- Todd reminded the BAT that the low or medium growth forecast are now more likely in the aftermath of the recent recession, now that the Southwest Region of the greater Portland market area has over 2 million square feet of vacant industrial space, and over 1.6 million square feet of office and retail building floor area. Todd also noted that several large employment centers are likely to come on line within the next 3-10 years in the following locations: Wilsonville, Tualatin, Sherwood and Hillsboro. Hence, demand for new "greenfield" industrial sites may trend towards the low to medium growth forecast scenarios.
- Todd said that the expected future employment land demand for Happy Valley is between 200 and 332 acres.
- Todd noted that the city has an adequate vacant land supply to handle expected demand for employment and industrial uses under all growth forecast scenarios. Todd

indicated that the city has a more limited supply of commercial (retail) land, citing only one remaining commercially-zoned parcel of ten acres.

After discussing and reviewing the draft findings and recommended economic development policies, the BAT membership identified the following issues.

- BAT members (Windy and Terry) noted that there has been a surge in recent inquires for industrial buildings or land in Happy Valley now that several businesses are being relocated in advance of the TriMet MAX light rail extension to Milwaukie.
- BAT members supported the identified target clusters including health care (bio-med and services), specialty manufacturing (metals and machines), wholesale trade (logistics support), professional office/business (corporate headquarters) and advanced education, specifically, Clackamas Community College. The BAT expressed interest in the idea of some sort of cross training between CCC and expanding hospitals in the area, creating a pipeline of capable health care professionals all in one place. Todd noted that possible professional business types include transportation logistics operations and corporate headquarters buildings. Todd noted that tourism is another cluster that may be nurtured in Happy Valley.
- The BAT suggested that the city create a database of local visitor destinations and events and their related economic impacts, including the annual Pickathon festival and Eagle Landing Golf Course.
- BAT members requested a potential policy to protect the area near the NW intersection of 172nd and Sunnyside Road for a future community commercial center (and not to allow residential or other non-commercial encroachment on that site).
- The BAT suggested that some land within the Rock Creek Employment Center, which has significant slopes and is near Hood View Park and local schools, be considered for allowing multifamily housing, possibly with a low income element. BAT members indicated that having housing in this area would encourage future workers in the Rock Creek Employment Center to live close to their jobs, cutting down on congestion, greenhouse gasses and improving overall community health. BAT members also noted, that a change in allowable use for 40-60 acres of land area that is otherwise constrained by moderate slopes would enable the city to collect additional fees to help pay for the planned infrastructure capacity needed to serve this area , and thereby make the other industrial developments more feasible.
- The BAT discussed the future of lot 124, the lot to the north of the expected Providence hospital expansion. The BAT favored the idea of assisted living being placed there, another move to capitalize on the increased health care presence in the area as well as provide an establishment which will provide a great deal of employment.
- The BAT discussed the issue of system development charges (SDCs) and the way they would impact the proposed hillside multifamily development. Some BAT members felt that the SDCs should be waived for developments on hillsides to encourage their construction.
- BAT members supported the draft vision and CEDOs proposed in the draft EOA, particularly policies that make Happy Valley a "business friendly" community. Todd suggested the idea of new land use policies or design standards that help streamline and simply the development review and approval process. BAT members liked the idea of having one person assist developers with each step of the approval process.

- Todd noted that this is a good time to consider future design guidelines that help guide future development in the Rock Creek Employment Center so that new buildings along key streets like, 162nd and 172nd set the tone for a high quality image. Terry supported standards that expedited the development approval process, and general requirements for building orientation towards these key streets (with parking in rear) and window glazing along the faces of buildings along 172nd and 162nd to create a uniform corridor.
- BAT members emphasized the importance of building the Sunrise Corridor roadway from I-20 to 162nd or 172nd Avenue. They noted that this project is absolutely essential for business investment in the Rock Creek Employment Center and other areas along Highway 212 to occur.

Next Steps

FCS GROUP will compile a draft final EOA document with recommended land use policy and code amendments in March. The city will circulate the draft product to the BAT and initiate Happy Valley Planning Commission and City Council adoption hearings in May or June. The BAT members are encouraged to participate in the EOA hearing proceedings.

Attachment A
Happy Valley BAT Meeting #3 Attendees

Name	Affiliation
Michael Walter	City of Happy Valley
Todd Chase	FCS GROUP (EOA consultant team)
Tim Wood	FCS GROUP (EOA consultant team)
Wendy Burns	Burns & Olsen Realtors (local business rep.)
Ted Hartzell	Local Resident – Planning Commissioner
Lydia Hamann	Happy Valley Business Alliance President/West Coast Bank
Renate Mengleburg	Clackamas County Economic Development Commission rep.
Glenda Fossum-Smith	Providence Health Systems
Matt Grady	Gramor, Commercial Developer
Terry Emmert	Emmert International (local property owner and business rep.)
Wilda Parks	North Clackamas Chamber of Commerce
Rob Klever	Local Resident/former Happy Valley Planning Commissioner

APPENDIX B – EMPLOYMENT TRENDS ANALYSIS AND ASSUMPTIONS

Economic & Employment Trends

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

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

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

The U.S. and Oregon economy are now poised for a slow economic recovery. The July 2010 survey of the National Association of Business Economists reported expectations of slow growth in GDP during the second half of 2010 in the U.S. as industry demand, profit margins, employment, capital spending, and credit conditions improve.

Population levels continue to increase in both Oregon and Happy Valley due to population migration patterns, increases in immigrant population levels, and natural population increases. As indicated in **Table 1**, according to the Portland State University Population Research Center, the population in Happy Valley increased to 11,865 residents in 2010 (July 1), up from 4,519 residents in 2000. The average annual growth rate (AAGR) for population in Happy Valley was far higher than the county, state or nation with 10.1% average annual growth between 2000 and 2010.

Table 1. Population Trends, 2000 to 2010

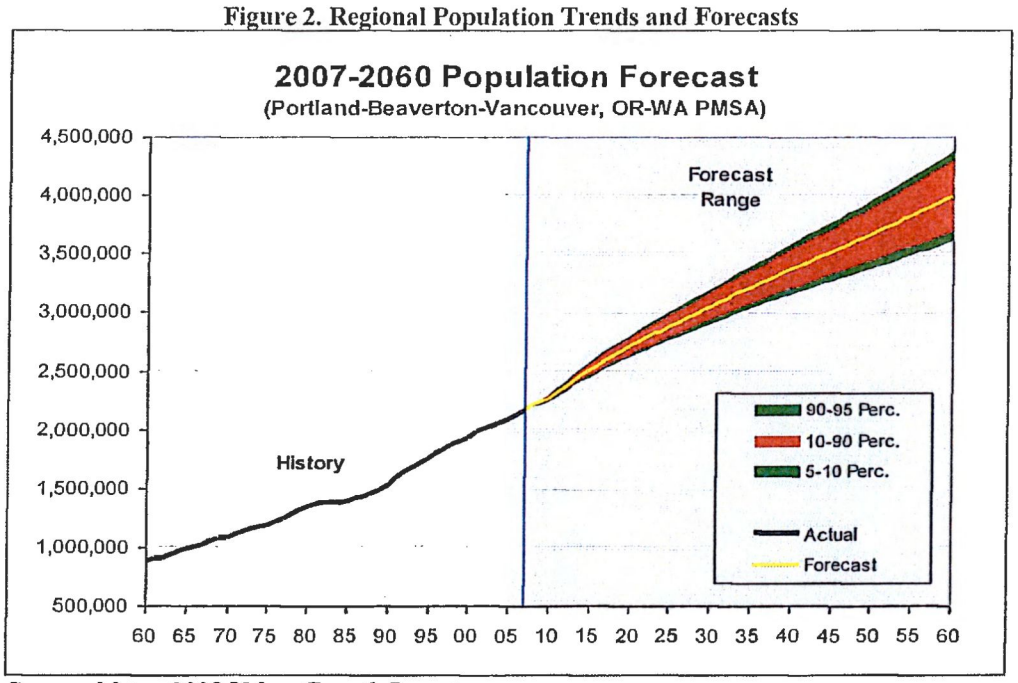
	2000	2010	Annual % Change 2000-2010
Happy Valley	**4,519**	**11,865**	**10.1%**
Clackamas County	340,000	381,775	1.2%
Oregon	3,421,399	3,823,465	1.3%
USA	282,171,957	310,924,000	1.0%

Source: Portland State University, Population Research Center; and US Census.

National population migration patterns, increases in immigrant population levels, and natural population increases are expected to result in urban population growth rates for the greater Portland Region that exceed national averages. As indicated in **Figure 2**, the population of the Portland-Beaverton-Vancouver PMSA increased from 1,928,000 to 2,185,000 between 2000 and 2008 (July 1 estimate). According to Metro, the regional government, PMSA population is forecasted to increase

over the foreseeable future. The PMSA is forecasted to add between 346,500 and 467,300 people over the next 10 years.

Figure 2. Regional Population Trends and Forecasts

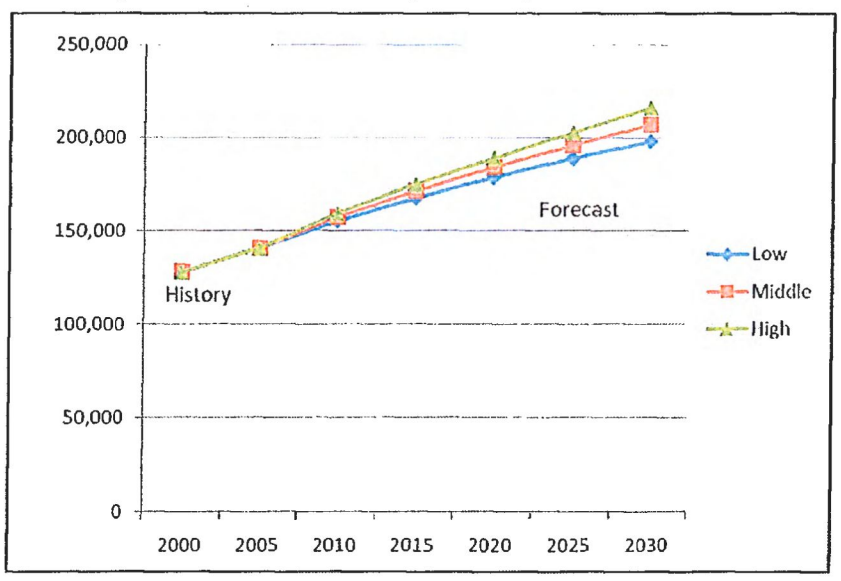


Source: Metro, 2009 Urban Growth Report.

Within Clackamas County, the historic 2000-2010 population growth rate was 1.2% per year, as the county expanded in population from 340,000 to nearly 382,000 people. According to Metro, Clackamas County had approximately 140,415 households in 2005, and is forecasted to add between 1,500 and 1,900 new households annually over the next 15-20 years, as shown in **Figure 3**.

Increasing population levels within the greater Portland Region will also result in an expanding labor force. In 2009, population within the Portland-Vancouver-Beaverton PMSA (seven-county region) expanded by nearly 40,000 residents, while employment declined by over 38,000 jobs, according to HIS Global Insight. The influx of population into the greater Portland Region during a time of economic recession and job layoffs is creating persistently high levels of unemployment for the region.

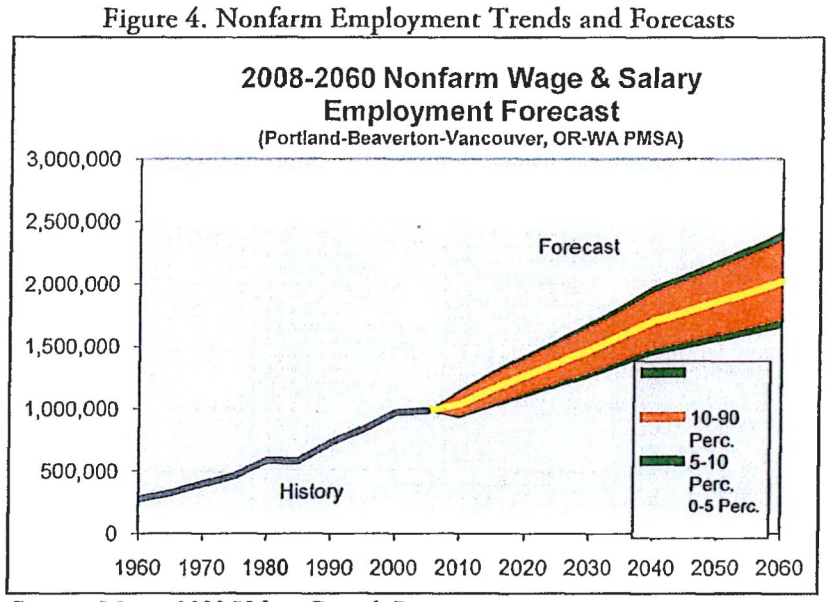
Figure 3. Clackamas County Housing Trends and Forecasts



Source: derived from Metro forecasts by FCS GROUP.

Over the long-term, Metro expects employment within the seven-county PMSA region to increase by up to 670,000 new jobs by 2035, at the upper-end of the range shown in **Figure 4**. The urban portion of the Metro Region (which includes Happy Valley) is forecasted by Metro to capture about 75 percent of the job growth that occurs within the PMSA Region.

Figure 4. Nonfarm Employment Trends and Forecasts



Source: Metro, 2009 Urban Growth Report.

Metro (the regional government) has prepared forecasts for households and employment for all local jurisdictions in the Metro Urban Growth Planning Area. The most recently adopted Metro growth forecasts are referred to as the Metroscope Generation 2.3 model, and include a forecast period from 2005 to 2030. FCS GROUP extrapolated the Metro forecasts to year 2035 using Metro's forecasted growth rate from the 2005-2030. While Metro is currently in the process of preparing updated growth forecasts for the region, the Metroscope Generation 2.3 forecasts are being used for this EOA since they are the only set of officially adopted forecasts at this time. As indicated in **Table 2**, the 2005 to 2035 forecasts anticipate that Happy Valley will add approximately 11,854 households and 11,298 jobs over the 25-year period.

As noted in **Table 2**, the Metro job growth forecasts reflect the fact that Happy Valley is relatively a "bedroom community" with a low ratio of 0.5 jobs per household, which is well below the tri-county Metro regional average of 1.5 jobs per household. This is no surprise given Happy Valley's concentration of limited residential land base that was not expanded until recently to include the East Happy Valley area west of Damascus.

Table 2. Metro Growth Forecasts for Households and Employment, 2005 to 2035

	Households			Proj. Change 2005-2035	Proj. Avg. Annual Change (%)
	2005	2030	2035		
Happy Valley	4,746	14,665	16,600	11,854	4.2%
Clackamas County	140,415	241,821	269,594	129,179	2.2%
Multnomah County	288,926	372,913	392,439	103,513	1.0%
Washington County	189,925	272,998	293,545	103,620	1.5%
Total 3 County Region	*619,266*	*887,732*	*955,578*	**336,312**	*1.5%*

	Employment			Proj. Change 2005-2035	Proj. Avg. Annual Change (%)
	2005	2030	2035		
Happy Valley	2,471	11,886	13,769	11,298	5.9%
Clackamas County	145,581	251,286	280,273	134,692	2.2%
Multnomah County	493,671	705,721	758,005	264,334	1.4%
Washington County	269,660	450,970	499,820	230,160	2.1%
Total 3 County Region	*908,912*	*1,407,977*	*1,538,098*	**629,186**	*1.8%*

	Jobs Per Household Ratio			Proj. Happy Valley Capture of Region HHs	Proj. Happy Valley Capture of Region Jobs
	2005	2030	2035		
Happy Valley	0.5	0.8	0.8	**3.5%**	**1.8%**
Clackamas County	1.0	1.0	1.0		
Multnomah County	1.7	1.9	1.9		
Washington County	1.4	1.7	1.7		
Total 3 County Region	*1.5*	*1.6*	*1.6*		

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

The demand for office development is usually driven by the amount of existing businesses and employment growth in an area, and the ability of the market area to capture and attract professional service-oriented businesses. New commercial development (retail and office) must carefully consider the existing strength of the trade area, which is often measured by vacant and lease rates. More detailed market studies also consider factors, such as the age and market orientation of the existing inventory, traffic counts, and institutional investment interest in an area.

With regard to the office market, Happy Valley is located in what real estate brokers and investors consider to be the Southeast market area of the Portland Region, according to COSTAR. In addition to Milwaukie/Clackamas, the Southeast market area includes Mall 205, Oregon City and the SE Close-in areas.

Current office market statistics (end of the third quarter 2010) indicate that the Southeast area had a total inventory of 7.1 million square feet of rentable building area, a 8.2 percent average vacancy rate, and average lease rates of $17.46. The Southeast market area experienced a net decline in absorption during the first three quarters of 2010 of negative 47,000 square feet. However, the vacancy rates and average lease rates in the Southeast region are relatively low compared to the rest of the region, as indicated in **Table 3.**

Table 3. Total Office Market Statistics, Portland Region, 3rd Quarter 2010

	Existing Inventory	Vacant Inventory	1st Half Net Absorption*	Vacancy %	Quoted Rates
CBD	25,273,000	2,599,000	206,000	10.3%	$ 21.35
Clark County	10,626,000	1,426,000	105,000	13.4%	$ 19.09
I-5 Corridor	9,403,000	1,853,000	(251,000)	19.7%	$ 22.12
Lloyd District	4,991,000	262,000	50,000	5.2%	$ 18.01
Northeast	8,540,000	547,000	290,000	6.4%	$ 17.31
Northwest	3,811,000	220,000	(17,000)	5.8%	$ 18.41
Southeast	**7,116,000**	**582,000**	**(47,000)**	**8.2%**	**$ 17.46**
Southwest	11,143,000	1,790,000	(80,000)	16.1%	$ 18.23
Westside	10,076,000	1,361,000	(27,000)	13.5%	$ 16.74
Total	**90,979,000**	**10,640,000**	**229,000**	**11.7%**	**$ 19.48**

Source: COSTAR; and Capacity Commercial Group.

The office absorption in the Southeast market area increased on average by 19,400 SF per quarter between 2005 and 2010. As indicated in **Table 4**, the average vacancy rate trended downwards between 2006 and 2008, but then increased afterwards to 8.2 percent as of the third quarter of 2010.

Table 4. Quarterly Office Market Statistics, Southeast Market Area, 2005-2010

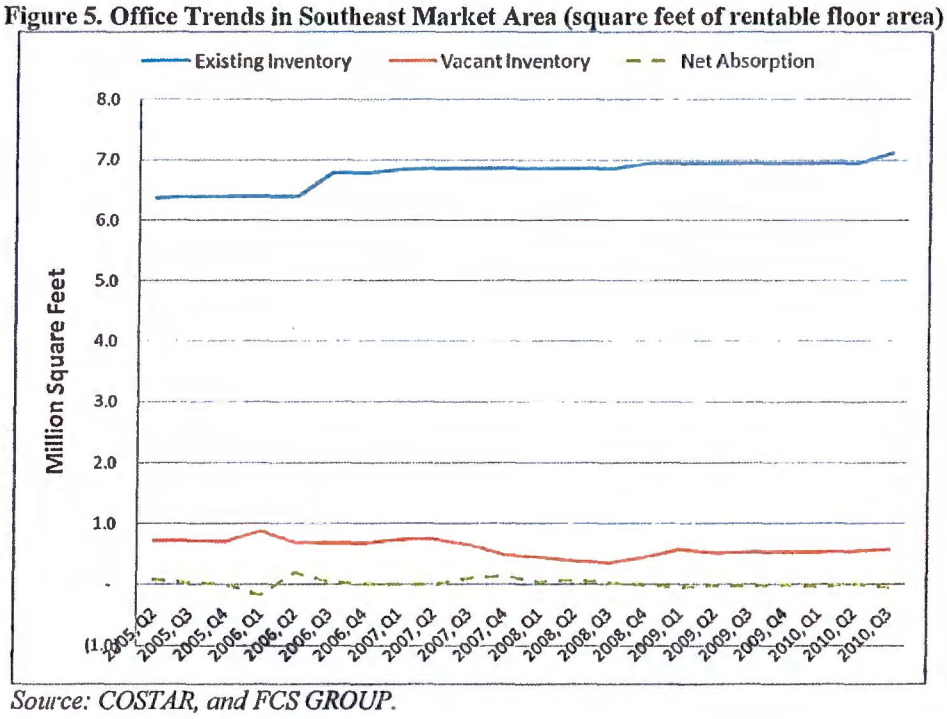
	Existing Inventory	Vacant Inventory	Net Absorption (year to date)	Vacancy %	Quoted Rates*
2005, Q2	6,364,176	713,529	83,464	11.2%	$ 16.32
2005, Q3	6,397,444	722,371	24,426	11.3%	$ 16.42
2005, Q4	6,397,444	709,064	13,307	11.1%	$ 16.09
2006, Q1	6,402,089	884,889	(171,190)	13.8%	$ 16.99
2006, Q2	6,402,089	687,190	197,709	10.7%	$ 16.71
2006, Q3	6,793,000	681,000	43,817	10.0%	$ 17.47
2006, Q4	6,793,000	671,000	9,633	9.9%	$ 17.47
2007, Q1	6,844,000	730,000	(7,202)	10.7%	$ 17.74
2007, Q2	6,857,000	745,000	(1,884)	10.9%	$ 16.52
2007, Q3	6,857,000	645,000	99,781	9.4%	$ 16.80
2007, Q4	6,857,000	496,000	149,013	7.2%	$ 17.36
2008, Q1	6,857,000	450,000	46,213	6.6%	$ 18.48
2008, Q2	6,861,000	384,000	69,814	5.6%	$ 17.60
2008, Q3	6,861,000	361,290	22,390	5.3%	$ 18.09
2008, Q4	6,945,000	451,000	(5,699)	6.5%	$ 17.81
2009, Q1	6,943,000	494,565	(45,246)	7.1%	$ 17.71
2009, Q2	6,943,000	512,000	(17,143)	7.4%	$ 17.19
2009, Q3	6,943,000	533,000	(21,528)	7.7%	$ 17.34
2009, Q4	6,943,000	529,000	4,387	7.6%	$ 15.60
2010, Q1	6,943,000	536,882	(37,346)	7.7%	$ 17.91
2010, Q2	6,943,000	554,000	17,120	8.0%	$ 17.62
2010, Q3	7,116,000	582,000	(46,672)	8.2%	$ 17.46
Avg.	**6,784,647**	**594,217**	**19,417**	**8.8%**	**$ 17.21**

** Not adjusted for inflation.*

Source: COSTAR and Capacity Commercial Group; compiled by FCS GROUP.

The Southeast market area has experienced average annual absorption of over 131,000 square feet per year between 2005 and 2010. As employment declined after late 2008 and, the vacant office inventory increased to 582,000 square feet, as reflected in **Figure 5**.

Figure 5. Office Trends in Southeast Market Area (square feet of rentable floor area)



Source: COSTAR, and FCS GROUP.

According to CoStar, the Southeast market has remained a bit stronger for retail than for office demand. As indicated in Table 5, the overall average vacant rate for retail space in the Southeast market was 5.7 percent at the end of the 3rd quarter in 2010. However, a large amount of vacant space (over 1.1 million square feet) was listed at this time.

Table 5. Retail Market Development Leasing Statistics, Southeast Market Area, 3rd Quarter 2010

Retail Market Statistics								
	Existing Inventory		Vacancy		YTD Net	YTD	Under Const	Quoted
Market Area	# Buildings	Total RBA	Total SF	Vac %	Absorbtion	Deliveries	SF	Rates
Southeast	1,961	19,783,892	1,120,295	5.7%	(7,372)	25,600	28,376	$15.83
Clackamas/Milwaukie	544	4,163,737	358,247	8.6%	28,120	25,600	14,750	$14.73
Mall 205	518	2,688,481	66,040	2.5%	26,640	-	13,626	$14.16
Oregon City	75	642,926	35,684	5.6%	(5,043)	-	-	$10.07
SE Close In	487	3,150,478	67,116	2.1%	(7,529)	-	-	$15.61

Source: CoStar Office Report 3rd Quarter 2010; Capacity Commercial Group.

Industrial market activity is also weak within the Southeast market area. As indicated in Table6, the overall vacancy rate was 7.0 percent in the 3rd quarter of 2010 with over 2.0 million square feet of vacant industrial space on the market, as shown in **Table 6.**

Table 6. Industrial Market Development Leasing Statistics, Southeast Market Area, 3rd Quarter 2010

Flex Building Market Statistics

Market Area	Existing Inventory # Buildings	Existing Inventory Total RBA	Vacancy Total SF	Vacancy Vac %	YTD Net Absorbtion	YTD Deliveries	Under Const SF	Quoted Rates
Southeast	113	1,206,403	132,729	11.0%	(64,749)	-	-	$11.50
Clackamas/Milwaukie	42	689,717	57,731	8.4%	23,665	-	-	$9.91
Mall 205	7	31,764	-	0.0%	-	-	-	$0.00
Oregon City	4	36,143	5,752	15.9%	(1,438)	-	-	$0.00
SE Close In	60	448,779	69,246	15.4%	(39,646)	-	-	$13.12
Total	113	1,206,403	132,729	11.0%	(64,749)	-	-	-

Warehouse Building Market Statistics

Market Area	Existing Inventory # Buildings	Existing Inventory Total RBA	Vacancy Total SF	Vacancy Vac %	YTD Net Absorbtion	YTD Deliveries	Under Const SF	Quoted Rates
Southeast	1,073	28,466,008	1,952,066	6.9%	(219,802)	7,700	-	$4.82
Clackamas/Milwaukie	504	20,529,325	1,621,869	7.9%	(72,765)	7,700	-	$4.55
Mall 205	47	312,809	5,400	1.7%	500	-	-	$9.48
Oregon City	40	874,306	62,355	7.1%	(24,637)	-	-	$7.09
SE Close In	482	6,749,568	262,442	3.9%	(122,900)	-	-	$5.45
Total	1,073	28,466,008	1,952,066	6.9%	(219,802)	7,700	-	-

Total Industrial Market Statistics

Market Area	Existing Inventory # Buildings	Existing Inventory Total RBA	Vacancy Total SF	Vacancy Vac %	YTD Net Absorbtion	YTD Deliveries	Under Const SF
Southeast	1,186	29,672,411	2,084,795	7.0%	(284,551)	7,700	-
Clackamas/Milwaukie	546	21,219,042	1,679,600	7.9%	(49,100)	7,700	-
Mall 205	54	344,573	5,400	1.6%	500	-	-
Oregon City	44	910,449	68,107	7.5%	(26,075)	-	-
SE Close In	542	7,198,347	331,688	4.6%	(162,546)	-	-
Total	1,186	29,672,411	2,084,795	7.0%	(284,551)	7,700	-

Source: CoStar Office Report 3rd Quarter 2010; Capacity Commercial Group.

Opportunities and Challenges

FCS GROUP conducted interviews with local brokers and incorporated current economic development reports from Clackamas County and Oregon Business. The results, when coupled with input from the BAT reflect local economic development opportunities and challenges.

Opportunities

- The recently developed Happy Valley Town Center (built in 2008 by Gramor Development) added 170,900 square feet of retail space to the local inventory, and was only 6.4 percent vacant as of June 2009. This recent retail addition is on the high-end of the market with quoted lease rates of $30 per square foot per year (excluding utilities and common area charges). Its success provides evidence of the strength of the buying power within Happy Valley.

- The other major retail center in the Happy Valley market area includes the 1.2 millions square foot Clackamas Town Center, which opened in 1981. The mall operator/owner General Growth Properties recently expanded the mall by adding 250,000 square feet to accommodate 40 new stores/restaurants primarily in a lifestyle format. In addition, a new

75,000 square foot 20-screeen multiplex theatre was added along with exterior building, landscaping, and traffic /pedestrian circulation improvements.

- Additional planned developments in Happy Valley include a new medical office building within the Happy Valley Town Center area, and planned lifestyle housing, office and retail development as part of the Eagle's Landing Planned Unit Development near I-205.

- The city has also been working with Clackamas County on plans for a new Rock Creek Employment Center located between 152nd and 172nd Avenues north of Highway 212. This area has been subject to recent city/county investment in improvements to 172nd Avenue, and extension of water and sewer service to the site. The Rock Creek Employment Center includes approximately 176 acres of buildable land area, before deducting land for recent parks and school developments. Providence is also planning its newest hospital campus within the Rock Creek Employment Center in the near future.

- The City of Happy Valley area is already home to Oregon's largest health care industry and related business sectors. Some of the largest county employers are located here, including Kaiser Sunnyside Medical Center, Providence Clackamas Medical Plaza, Providence Medical Office Building, and over two dozen medical related businesses within a two-mile radius.[1]

- In addition to the strong health care business cluster, Happy Valley is adjacent to well established industrial employers, including Oregon Steel Works, Safeway Distribution Center, and Fred Meyer Distribution Center— and the Clackamas Industrial Area.

- The recent opening of the TriMet Greenline Light Rail Transit with stations east of I-205 provides improved fixed transit access for Happy Valley commuters to/from the Portland Airport, Clackamas Town Center and downtown Portland.

- Happy Valley has relatively good proximity to Portland International Airport (11 miles) and is 13 miles from downtown Portland.

- Happy Valley provides streamlined planning/building permitting for expediting development approvals.

- Happy Valley provides excellent fire and police protection services.

- Happy Valley has a relatively low property tax rate in comparison with most cities within the greater Portland Region, which may be attractive to major businesses looking to locate or expand.

- Happy Valley residents have a relatively high income levels ($100,510 median household income in 2009 dollars) and large average household size.

- Public schools in Happy Valley are excellent and there is also convenient access to local colleges and universities, including Clackamas Community College and the Oregon Institute of Technology.

---

[1] Analysis provided by Clackamas County Business & Economic Development.

- There are large "shovel ready" commercial and industrial development parcels that are ready for new development (including Rock Creek Employment Center and the Eagles Landing PUD).

- The city and county have adopted a rural Strategic Investment Zone designation for the Rock Creek Employment Center, which allows limited property tax abatement for capital investments over $25 million.

Challenges

- Recent office leasing market statistics indicate that office vacancy rates in the Metro region have been increasing since 2008 as many businesses have shed jobs and scaled back on required space needs. Negative absorption levels have been occurring during the first three quarters of 2010 for office, retail and industrial activity in the Southeast region—which may reflect a soft market for new employment development over the near term (1-3 years).

- Large state highway transportation roadway projects, including the Sunrise Corridor are in the works but are not being planned for a near-term extension to 172nd Avenue. Until this major arterial is constructed traffic congestion is expected to hamper new development within Happy Valley and the Clackamas Industrial Area.

- Other major local roadways, including the 162nd Avenue extension between Sunnyside Road and Highway 212 require major bridge and structural work over Rock Creek. Unfunded roadways could create unknown cost burdens to potential businesses and developers considering Happy Valley as a location, and dissuade investment activity.

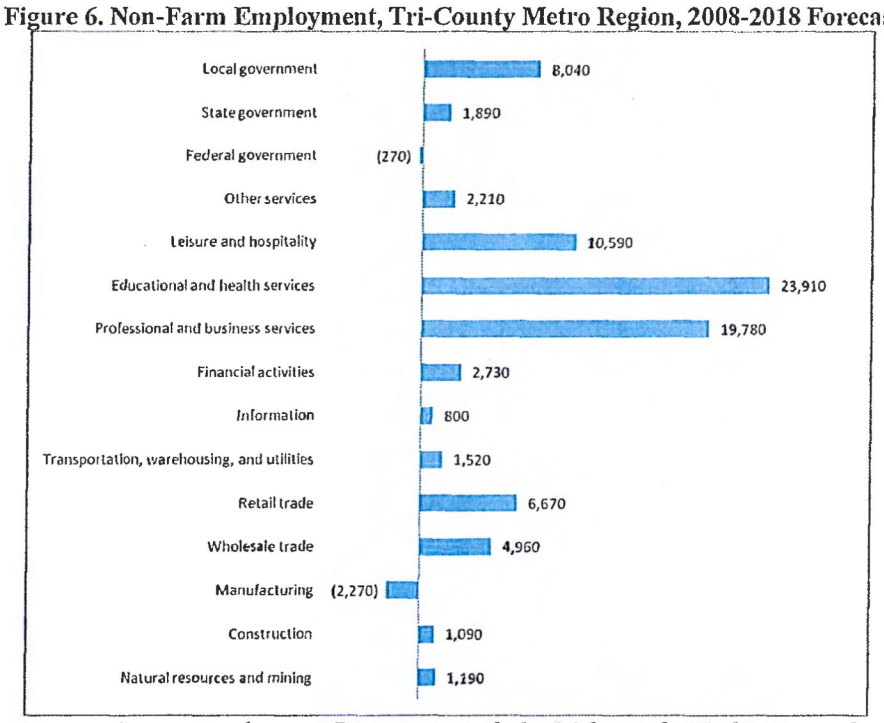
- A lack of sewer service north of Hagan Road along 172nd Avenue would likely limit urbanization of planned employment and mixed-use development in northeast Happy Valley for the foreseeable future.

Target Industry Analysis

To estimate future development potential for Happy Valley employment, FCS GROUP evaluated the 10-year employment growth forecasts prepared by the Oregon Employment Department for the Metro Tri-County region, and Metro growth forecasts for Happy Valley. As indicated in **Figure 6,** the 10-year job growth forecasts for the Metro Tri-County Region portend a positive trend towards job growth for all industry sectors, except federal government and the manufacturing sector. The sectors that are expected to grow the fastest in the Tri-County Metro Region include: educational and health services; professional and business services; leisure and hospitality; local government; retail; and wholesale trade.

As indicated in **Table 7,** the 20-year job growth forecasts for Happy Valley indicate a more positive trend towards job growth for all industry sectors. According to Metro (and FCS GROUP interpretation of Metro data), the general sectors that are expected to grow the fastest in Happy Valley over the 2005-2035 time period includes: services (+7,808 jobs); retail (+629 jobs), industrial (+2,343 jobs), and government (+518 jobs).

Figure 6. Non-Farm Employment, Tri-County Metro Region, 2008-2018 Forecast



Source: Oregon Employment Department includes Multnomah, Washington and Clackamas Counties.

The job growth projections indicate that Happy Valley should expect to experience significant new development opportunities over the next 20-years. A range in employment forecasts is provided to take into account current weak market conditions and national economic expectations that expect lower-rates of job growth over the next several years.

Table 7. Happy Valley Long-Range Employment Forecast, 2005 to 2035

			Change:2005-2035	
Sector	**2005**	**Proj. 2035**	**Jobs**	**Percent**
Retail Trades	447	1,076	629	141%
Services	851	8,659	7,808	918%
Industrial/Other	1,173	4,034	2,861	244%
Industrial	*481*	*2,824*	*2,343*	*487%*
*Government/Institutional**	*692*	*1,210*	*518*	*75%*
Total	**2,471**	**13,769**	**11,298**	**457%**

Source: Estimates and forecasts are based on Metro adopted housing and employment growth forecasts, 2007; Metroscope Gen. 2.3; extrapolated to 2035 by FCS GROUP; assumes allocation of "Industrial/other" jobs based upon Oregon Employment Dept. estimates for Happy Valley in 2008: 41% industrial, and 59% government; future 2035 estimated allocation is based on 2018 Oregon Emp. Dept. forecast for Clackamas County: 70% (industrial) and 30% (government). Compiled by FCS GROUP.

* *Government/Institutional job growth reflects public workers expected to be added within Happy Valley, including city offices and schools. Happy Valley has added two new schools since 2005, which likely will account for much of the projected job growth after 2005.*

FCS GROUP performed a sensitivity analysis of Metro's long-range employment forecasts for Happy Valley by varying the job forecasts by +/- 25%, to provide a low, medium and high range of job growth potential. Happy Valley is expected to add between 5,908 and 9,847 new jobs over the next 20 years, as indicated in **Table 8.**

Table 8. Happy Valley 20-Year Employment Forecast, 2011 to 2031

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

Note: see supporting analysis in Attachment B-1.

As indicated in **Table 9**, this amount of employment growth translates into approximately 2.6 to 4.3 million square feet of new or renovated building area (floor area). Please refer to **Attachment B-1** for a summary of assumptions used to convert job growth into building and land needs.

Table 9. Forecasted 20-Year Total Building Space Needs in Happy Valley for Employment

	Low	Medium	High
Office	959,000	1,279,000	1,598,000
Gov't/Institutional	84,000	113,000	140,000
Flex/Business Park	496,000	661,000	826,000
General Industrial	415,000	553,000	692,000
Warehouse	96,000	128,000	159,000
Retail	530,000	706,000	884,000
Total	**2,580,000**	**3,440,000**	**4,299,000**

Note: see supporting analysis in Attachment B-1.

Given a general lack of vacant buildings in Happy Valley, a large portion of this demand will need to be met by new development and the utilization of vacant undeveloped tracts of land, within locations such as Eagles Landing and the Rock Creek Employment Center. It is estimated that refill/redevelopment rate and utilization of vacant buildings is expected to accommodate 0% of the industrial space demand, 2% of the retail/service/office demand, and 30% of the government facilities demand.

Table 10 shows the expected level of redevelopment and refill in the Happy Valley USB over the next 20 years. As the existing vacant land supply in Happy Valley gets developed, the level of redevelopment activity is expected to rise. Potential redevelopment levels for Happy Valley are depicted in **Table 10.**

Table 10. Happy Valley Redevelopment and Refill Assumptions (2011 to 2031)

	Low	Medium	High
Office	19,000	26,000	32,000
Gov't/Institutional	25,000	34,000	42,000
Flex/Business Park	-	-	-
General Industrial	-	-	-
Warehouse	-	-	-
Retail	11,000	14,000	18,000
Total	**55,000**	**74,000**	**92,000**

Source: FCS GROUP; derived from Attachment B-1, based primarily on Metro 2009-2035 Urban Growth Report (December 2009 draft) and local assumptions.

After accounting for the levels of redevelopment activity identified in **Table 10**, the amount of vacant land demand in Happy Valley for employment uses over the next 20-years is expected to range from 200 to 333 acres. Preliminary estimates for vacant lands needs in Happy Valley by general building type are provided in **Table 11,** and supporting assumptions are reflected in **Attachment B-1.**

Table 11. Happy Valley Vacant Land Needs by General Land Use Zoning Classification (2011 to 2031) - (gross buildable acres)

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

Source: FCS GROUP; derived from Attachment B-1, based primarily on Metro 2009-2035 Urban Growth Report (December 2009 draft) and local assumptions.

The actual amount and timing of new development will vary from year to year. The wide range in development forecasts reflects current uncertainty regarding the region's ability to retain and attract major employers, the City's desire to stimulate redevelopment near the Town Center, and ability to work with ODOT, Metro and Clackamas County to fund and construct the Sunrise Corridor and 162nd Avenue improvements that can accommodate new commercial and industrial development on vacant lands in East Happy Valley.

Business Clusters Analysis

It is a widely accepted theory among economic development professionals that "business clusters" are the primary force driving local economic currents and business location decisions. Clusters of business activity go well beyond mere concentrations of industry or employment types. They represent unique competitive market advantages with regard to employment, work force, creativity, entrepreneurship, business costs, and supporting natural resources.

The clusters analysis prepared by FCS Group is intended to identify potential employment sectors that are most compatible with local economic policy objectives. The process entailed:

1. Obtaining Employment Security (ES202) wage and salary employment data from the Oregon Employment Department (OED) for the Happy Valley Urban Service Boundary (USB), Washington County, Multnomah County and Clackamas County (tri-county region) for the year 2008.
2. Conducting a location-quotient (LQ) analysis to evaluate business and industrial clusters in the Happy Valley USB relative to the tri-county region.
3. Evaluating business clusters within the Happy Valley UGB with regard to the LQ, projected growth rates, economic size of each cluster, and average wage rates.
4. Classifying each business cluster with regard to one of four classifications, including:

    I. STARS: Businesses with large LQ (propensity to locate in the Happy Valley and higher than average projected growth rate compared to the tri-county region.

II. EMERGING: Businesses with small LQ and high average growth rate (possible pent up demand or competitive market disadvantage relative to other locations).

III. MATURE: Businesses with large LQ but lower than average growth rate.

IV. CHALLENGED: Businesses with small LQ and lower than average growth rate.

The business cluster analysis identifies the business sectors within the Happy Valley by their LQ, 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 ES202 wage and salary employment statistics for the year ending in 2008. The size the bubbles in the following charts provide a relative comparison within each jurisdiction of the total direct wages paid to workers within each industry sector.

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

Industry Sectors with Large LQ/High Growth Potential ("Stars")
- Educational Services (private or non-profit)
- Leisure and Hospitality (includes restaurants)
- Retail Trade

Industry Sectors with Small LQ/High Growth Potential ("Emerging")
- Health Care
- Professional and Business Services
- Miscellaneous Services

Industry Sectors with Large LQ/Low Growth Potential ("Mature")
- Construction
- Financial Activities and Services
- Natural Resources
- Transportation & Warehousing

Industry Sectors with Small LQ/Low Growth Potential ("Challenged")
- Manufacturing
- Wholesale Trade
- Information
- Government

In addition to evaluating existing *local* business clusters, the city may also consider the expected *regional* growth in business sectors and emerging clusters. According to the Oregon Employment Department, the job sectors with the highest potential for new growth in the greater Portland metropolitan region include: health care, hotel/motel accommodations & food services, business administration & waste management, professional, scientific & technical service (such as computer

science and engineering), state & local government, wholesale trade, finance & insurance, retail trade, transportation & utilities (includes warehousing, distribution & energy research and private utilities).[2]

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

Focused marketing and business recruitment efforts are being made by the State of Oregon and regional economic development stakeholders to attract certain established and emerging business clusters. The business and industry clusters 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 & wind power), active wear/outdoor gear, and software.

Recommended Business Clusters

The city of Happy Valley may target businesses that generally offer above-average wages and provide health care 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, medical and health service managers. It is interesting to note that almost two-thirds of the jobs filled in these fast growing occupations required some level of on-the-job training in addition to high school and a college degree.[3]

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

- Health Services and Bio-Medical R&D
- Professional and Business services
- Advanced manufacturing (metals, machinery, testing devices, etc.)
- Advanced learning

As indicated in **Table 12,** these recommended business clusters (with the exception of educational services) pay above average wage rates.

---

[2] *These emerging business clusters are documented in the regional WIRED (Workforce Innovation and Regional Economic Development, Global Development Strategy, prepared by FCS Group et.al, 2008.*

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

Table 12. Summary of Existing Businesses in Happy Valley USB, 2008

Industry Sector	Total Jobs	% Total	Total Wages	Average Wage
Natural Resources and Mining	4,957	3.4%	$129,900,576	$26,205
Construction	11,669	7.9%	$532,317,382	$45,618
Manufacturing	**18,554**	**12.6%**	**$975,524,338**	**$52,578**
Wholesale	10,593	7.2%	$587,920,902	$55,501
Retail	17,584	11.9%	$454,895,725	$25,870
Transportation, Warehousing & Utilities	5,729	3.9%	$249,710,736	$43,587
Information	2,105	1.4%	$123,712,537	$58,771
Financial Services	**7,604**	**5.1%**	**$417,666,331**	**$54,927**
Professional & Business Services	**16,252**	**11.0%**	**$830,022,629**	**$51,072**
Education	**10,701**	**7.2%**	**$359,867,768**	**$33,629**
Health Services	**16,551**	**11.2%**	**$776,493,546**	**$46,915**
Leisure & Hospitality (includes restaurants)	13,754	9.3%	$218,185,045	$15,863
Other Services	6,081	4.1%	$159,022,755	$26,151
Government	5,691	3.8%	$281,643,420	$49,489
Total	147,825	100%	$6,096,883,690	$41,244

Notes: green shading indicates targeted business cluster.
Source: Oregon Employment Department, 2008.

The majority of the targeted businesses that consider expanding or relocating into Happy Valley will consist of small business operations (less than 50 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 of less than five acres in size.

It is also apparent that large health service campus operations (by Providence) and other large business and high-tech industrial and research operations are considering Happy Valley as a potential location for new campus-style developments. Certain opportunities may emerge as regional businesses expand and desire to remain within the tri-county region. Other opportunities may occur as global and national businesses desire to establish a presence in the Pacific Northwest. In any event, it is likely that Happy Valley could attract 3-4 large professional service, heath care, education, and/or high tech industrial businesses over the next 20 years.

It is recommended that Happy Valley provide a variety of small, medium and large vacant sites that meet the targeted business and industrial requirements. The existing and potential businesses within Happy Valley can generally be grouped into three general land use categories: industrial, commercial and office.

Most small and medium business establishments prefer to lease space in office or commercial buildings, and/or could locate into redevelopment sites in downtown or in selected redevelopment locations (e.g., near planned high capacity transit stations or within the Happy Valley Triangle). No special vacant land requirements are identified for future small or medium businesses. However, the city should pursue more proactive redevelopment strategies to accommodate small and medium sized businesses.

Larger business establishments that are included within the targeted business clusters will likely have minimum site size and infrastructure service requirements. Typical site requirements for the larger targeted business sectors are described in **Table 13.**

Table 13. Typical Site Size Requirements for Targeted Business Types

	Small Users	Medium Users	Large Users
	Less than 50 jobs per business	*50 to 70 jobs per business*	*70 to 200+ jobs per business*
Health Services and Industrial Health Care Medical/Bio-Tech R&D Advanced Manufacturing	Building tenants in office or flex building locations	4 to 6 acres per user. Prefers industrial or business park settings	6 to 20 acres per user. Prefers industrial or business park settings
Office Prof. & Business Services Financial Services	Building tenants or redevelopment sites near Town Center or within employment areas	1 to 2 acres per user. Prefers employment centers or locations with transit service	2 to 4 acres per user. Prefers business park setting with transit service.
Retail	Not a targeted cluster, but city supports commercial retail/service development as ancillary development in employment/business centers and in mixed-use settings		

Source: assumes site development requirements shown in Appendix F.

Attachment B-1 Employment Density Assumptions

Happy Valley Net New Average Annual Employment Forecast (1 Year Forecast)

	Low	Medium	High
Retail Trades	16	21	26
Services	195	260	325
Industrial/Other	72	95	119
Government	13	17	22
Total	**295**	**394**	**492**

Happy Valley Net New 20-Year Employment Forecast

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

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

Job Sectors and Building Type Assumptions

Employment Sectors	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	4%	1%	8%	0%	7%	80%	100%
Services	72%	1%	5%	1%	1%	20%	100%
Industrial/Other	8%	0%	50%	40%	2%	0%	100%
Government	43%	37%	5%	0%	0%	15%	100%

Source: Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Attachment B-1 Employment Density Assumptions (continued)

Building Type to Land Needs Assumptions*

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail
Refill/Redevelopment Rate [1]	2%	30%	0%	0%	0%	2%
Jobs Needing Vacant Land Rate [2]	98%	70%	100%	100%	100%	98%
Building SF Per Job [2]	370	630	550	700	1,100	510
Floor-Area-Ratio [2]	0.40	0.30	0.30	0.25	0.30	0.30
Public Facility Net:Gross Adjustment [3]	1.10	1.10	1.10	1.10	1.10	1.10
Work at Home Adjustment [4]	0.15	0.03	0.05	0.03	0.03	0.03

** assumptions are intended to reflect a long-term average over 20 years, some "ramp up" is expected to attain these density levels.*
1/ Adjusts for building refill & vacancy allowances.
2/ Building density derived from Metro UGR assumptions.
3/ Allowances take into account land dedicated to public/utility easements.
4/ Allowance based on national statistics by US Dept. of Labor, Bureau of of Labor Statistics, Technical information: "Work at Home in 2004".
Source: assumptions are generally consistent with the Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Projected Happy Valley Net New 20-Year Employment Forecast by Building Type, Low

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	13	3	25	-	22	252	315
Services	2,811	39	195	39	39	781	3,904
Industrial/Other	114	-	715	572	29	-	1,431
Government	111	96	13	-	-	39	259
Total	**3,049**	**138**	**949**	**611**	**90**	**1,071**	**5,908**

Projected Happy Valley Net New 20-Year Employment Forecast by Building Type, Medium

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	17	4	34	-	29	335	419
Services	3,748	52	260	52	52	1,041	5,205
Industrial/Other	153	-	954	763	38	-	1,907
Government	149	128	17	-	-	52	345
Total	**4,066**	**184**	**1,265**	**815**	**120**	**1,428**	**7,877**

Projected Happy Valley Net New 20-Year Employment Forecast by Building Type, High

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	21	5	42	-	37	419	524
Services	4,685	65	325	65	65	1,301	6,507
Industrial/Other	191	-	1,192	954	48	-	2,384
Government	186	160	22	-	-	65	432
Total	**5,082**	**230**	**1,581**	**1,019**	**149**	**1,785**	**9,847**

Source: FCS GROUP based on Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Attachment B-1 Employment Density Assumptions (continued)

Projected Happy Valley Net New 20-Year Redevelopment Building Space Needs (Floor Area)

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Low	19,000	25,000	-	-	-	11,000	55,000
Medium	26,000	34,000	-	-	-	14,000	74,000
High	32,000	42,000	-	-	-	18,000	92,000

Projected Happy Valley Net New 20-Year Building Floor Area on Vacant Lands (Floor Area)

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Low	940,000	59,000	496,000	415,000	96,000	519,000	2,525,000
Medium	1,253,000	79,000	661,000	553,000	128,000	692,000	3,366,000
High	1,566,000	98,000	826,000	692,000	159,000	866,000	4,207,000

Projected Happy Valley 20-Year Vacant Lands (gross buildable acres)

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Low	59	5	42	42	8	44	200
Medium	79	7	56	56	11	58	266
High	99	8	70	70	13	73	333

Attachment B-1

Attachment B-1 Employment Density Assumptions (continued)

Land Use Assignment Assumptions

Local Zoning Classification	Office	Govern ment/ Instituti onal	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail
Commercial	30%	50%	20%	0%	0%	60%
Employment & Mixed Use	60%	10%	5%	5%	0%	30%
Industrial/Government/Other	10%	40%	75%	95%	100%	10%
Total	100%	100%	100%	100%	100%	100%

Assumptions by FCS GROUP based on local observations.

Projected Happy Valley 20-Year Vacant Land Needs Forecast by Zoning Classification, Low

Land Use Classification	Office	ment/ Instituti	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	18	2	8	-	-	26	55
Employment & Mixed Use	36	0	2	2	-	13	53
Industrial/Government/Other	6	2	31	40	8	4	92
Total	59	5	42	42	8	44	200

Projected Happy Valley 20-Year Vacant Land Needs Forecast by Zoning Classification, Medium

Land Use Classification	Office	Govern ment/ Instituti onal	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	24	3	11	-	-	35	73
Employment & Mixed Use	47	1	3	3	-	17	71
Industrial/Government/Other	8	3	42	53	11	6	122
Total	79	7	56	56	11	58	266

Projected Happy Valley 20-Year Vacant Land Needs Forecast by Zoning Classification, High

Land Use Classification	Office	Govern ment/ Instituti onal	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	30	4	14	-	-	44	91
Employment & Mixed Use	59	1	3	3	-	22	89
Industrial/Government/Other	10	3	52	66	13	7	152
Total	99	8	70	70	13	73	333

Summary of 20-Year Vacant Land Demand Forecast by Zoning Classification
Happy Valley UGB (net buildable acres assuming current zoning assumptions)

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

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

APPENDIX C – EMPLOYMENT BUILDABLE LAND INVENTORY

Happy Valley Economic Opportunities Analysis (EOA)
GIS Methodology

Author: Justin Healy
Principal/GIS Manager
Real Urban Geographics
503.796.7219
www.realurban.com

December 16, 2010

Goal: Create a database for use by FCS Group economists that includes a parcel-by-parcel inventory of non-residential vacant land in and adjacent to the City of Happy Valley's city boundary, including attributes for each valid parcel describing and quantifying constraints to developability.

Methodology Summary: This analysis is based on the City's current city boundary and zoning information; vacant land, parcel, slope, floodplain, wetland, and zoning data available via Metro's RLIS database as of mid-2010; and three custom subareas outside City limits ("*SW Study Area*", "*South Study Area*", and a small exception area, see Data Sources below) defined by the consultant in cooperation with the client and stakeholders. Together, the City limits and subareas make up the study area. Parcels within the study area overlain by the vacant land delineations were selected, then intersected with the vacant land delineation to "clip out" non-vacant portions of those parcels. These vacant portion of parcels were assigned zoning designations according to City data where available and screened for the appropriate zones; non-employment-zoned parcels were deleted.

The vacant portions of appropriately zoned parcels within the study area were then evaluated for a series of possible constraints including the existence of floodplains and wetlands, steep slope conditions, access to major arterials, potential impact of the Sunrise Corridor, and overall vacant, unconstrained size. Contiguity of vacant portions within a single parcel was not evaluated. Constraints were evaluated either qualitatively, as with proximity to arterials, or quantitatively, as with the calculation of constrained acreage per parcel by constraint type. Whole and summary tables were delivered to FCS Group.

Data Sources:

Parcels (incl. ownership and assessed property and improvement value) – METRO RLIS, May 2010
City Limits – City of Happy Valley, November 2010
Zoning – Within city limits: City of Happy Valley, November 2010; outside city limits: METRO RLIS May 2010.
Vacant Land – METRO RLIS, October 2008 (most recent)
Wetlands – METRO RLIS, National Wetlands Inventory augmented with local observations and measurements, May 2010
Flood Plains – METRO RLIS, FEMA Q3 Floodways, 2005
Slope – METRO RLIS
Sunrise Corridor – Real Urban Geographics, modified potential alignment from City of Happy Valley TSP, consisting of a 200' corridor.
"SW Study Area" – FCS Group; Unincorporated land north of Highway 212/224 and east of Interstate 205.
"South Study Area" – FCS Group; Unincorporated land south of Highway 212/224, north of the Clackamas River, east of Interstate 205, and west of SE 142nd Avenue.
Exception Area – FCS Group; containing 6 unincorporated parcels near the Sunrise Valley corridor between SE 142nd and SE 152nd Avenues.

Methodology Detail:

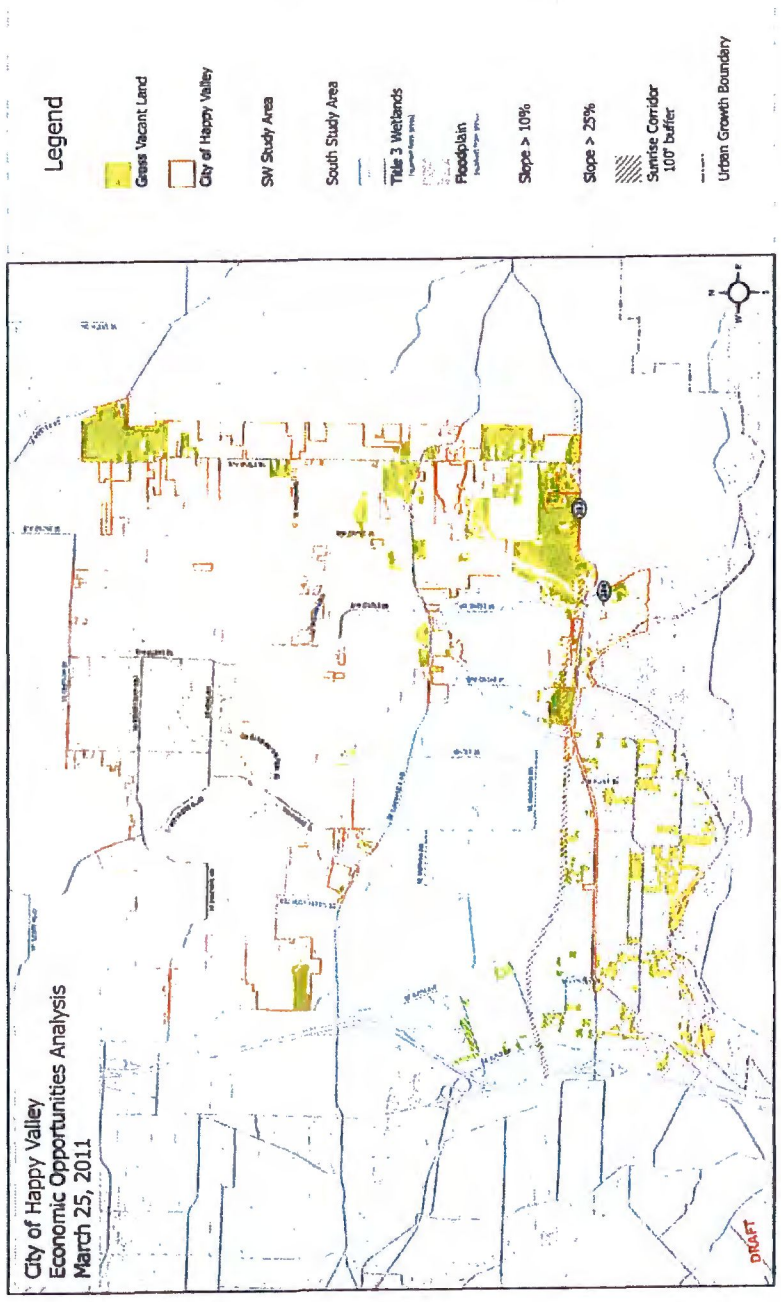
General Note: potential errors due to propagation of unnecessary attributes during the analysis process and fragmentation of individual taxlots during spatial intersections were accounted for. Parcels with less than 100' sq. of vacant land were deleted.

1) GENERATE VACANT LAND DATA *(part 1)*
   a) Select parcels within city limits and subareas.
      i) Use manual selection to refine autoselection where necessary.
   b) Save parcels as new shapefile A.
   c) Select parcels from A that intersect vacant land.
   d) Save parcels as new shapefile B.
   e) Create new attribute [RLISAREA] in B, calculate as [AREA]. *Preserves original area calculation.*
   f) Recalculate [AREA] as geographic area. *Creates new parcel area calculation for redundancy/error reduction.*
   g) Create new attribute [ORIGAREA] in B, calculate as [AREA]. *Preserves new parcel area calculation for redundancy/error reduction.*
2) ASSIGN SUBAREA DESIGNATIONS
      i) Create new attribute [SUBAREA].
      ii) Select parcel within city limits, calculate [SUBAREA] as 1.
      iii) Select parcels within SW Study Area, calculate [SUBAREA] as 2.
      iv) Select parcles within exception area, calculate [SUBAREA] as 3.
      v) Select parcels within South Study Area, calculate [SUBAREA] as 4.
3) ASSIGN ZONING
   a) Create new attribute [ZONE] in B, create spatial join with city zoning layer, and calculate [ZONE] as appropriate zone attribute from city data.
      i) Remove join.
   b) Create spatial join with METRO zoning data, select records where [ZONE] is null, and calculate [ZONE] in selected records as appropriate zone attribute from METRO data.
4) GENERATE VACANT LAND DATA *(part 2)*
   a) Intersect vacant land with B, create new shapefile C.
   b) Cull non-criteria zoning classifications and owners including:
      i) All R* zoning
      ii) IPU zoning
      iii) All MUR* zoning
   c) Cull public owners where ownership is:
      i) Sunrise Water Authority
      ii) State of Oregon
      iii) City of Happy Valley
      iv) Clackamas County
      v) Clackamas County Dept. of Trans.
      vi) Clackamas County Development Agency
      vii) Clackamas Education Service District
      viii) ODOT
   d) Calculate [AREA] in C as geographic area. *Creates new vacant portion area calculation.*
   e) Create new attribute [VACAREA] in C, calculate as [AREA]. *Preserves new vacant portion area calculation.*
5) APPLY CONSTRAINTS *(wetlands, floodplains, size class, slope, infrastructure deficient ("north of Hagan"), future infrastructure impacted ("Sunrise Corridor"))*
   a) Merge wetland and floodplain constraints into new shapefile FW.
   b) Intersect FW and C, create new shapefile C_FW.
   c) Calculate [AREA] in C_FW as geographic area.
   d) Create new attribute [FWAREA] in C.
   e) Join C to C_FW on TLID, calculate [FWAREA] as C_FW[AREA].
      i) Remove join.
   f) Create new attribute [NETVAC] in C, calculate as [VACAREA]-[FWAREA].

g) Create new attribute [SIZECLAS] in C, calculate as [NETVAC] acres where:
   i) aa: > 10 acres
   ii) a: 5 – 10 acres
   iii) b: 2 – 5 acres
   iv) c: 1 – 2 acres
   v) d: .5 – 1 acre
   vi) e: < .5 acre
h) Create new attribute [S10AREA] in C.
i) Intersect 10% slope with C, create new shapefile C_10.
j) Calculate [AREA] in C_10 as geographic area.
k) Join C to C_10 on TLID, calculate [S10AREA] as C_10[AREA].
   i) Remove join.
l) Create new attribute [S25AREA] in C.
m) Intersect 25% slope with C, create new shapefile C_25.
n) Calculate [AREA] in C_25 as geographic area.
o) Join C to C_25 on TLID, calculate [S25AREA] as C_25[AREA].
p) Remove join.
q) Create new attribute [S25NET] in C, calculate as [NETVAC] – [S25AREA]. *Note: the accuracy of this calculation depends on the assumption that wetlands/floodplains and steep slopes are mutually exclusive.*
r) Create new attribute [NHAGAN] in C. Manually select vacant parcels from C in the NE corner of Happy Valley, north of Hagan Drive, and calculate C = 1
s) Create 100' buffer from centerline of Sunrise Corridor preliminary alignment in new shapefile SS100.
t) Create new attribute [SSIDE] in C. Select lots from C intersecting SS100. Calculate [SSIDE] = 1 for selected lots.
u) Intersect C with SS100 to create file C_SS100. Merge features on TLID. Recalculate area.
v) Create new attribute [SS_AREA] in C.
w) Join C with C_SS100 on TLID, calculate SS_AREA as C_SS100[AREA].

End.

Happy Valley Draft Buildable Land Inventory Map



APPENDIX D – EXISTING ECONOMIC DEVELOPMENT POLICIES

The following is a **synopsis of excerpts from the City's existing Comprehensive Plan Policies.** The Comprehensive Plan in its entirety is available at City Hall located at 16000 SE Misty Drive, Happy Valley, OR 97086, Phone 503 783-3800.

CITY OF HAPPY VALLEY
COMPREHENSIVE PLAN

Objectives:

1. To preserve the character of the Valley
2. To improve the quality of existing and future development areas
3. To provide a coordinated direction to the conservative and development of the Valley

Policies:

Commercial and Employment Element Policies

Policy 54: To encourage compatible residential, commercial and light industrial development in both the City of Happy Valley and nearby Clackamas County that will provide jobs. The City supports the development of commercial and employment uses in the Rock Creek Employment Center and in other areas, subject to design standards.

Policy 54A: To reduce vehicle miles traveled and street congestion, and to provide local employment opportunities, Happy Valley will encourage home based businesses that show no outward signs of business activity and fully retain the residential character of existing neighborhoods.

Policy 54B: To comply with Statewide Planning Goal 9 (Economy of the State) and to meet long-term neighborhood-oriented commercial and office needs for existing and future City residents in the Rock Creek Employment Center, Happy Valley has annexed existing and planned commercial and office sites served by Sunnyside Road in the Rock Creek area. In addition, to meet the long term needs of Happy Valley residents for local services and employment land, the City has created a broad range of commercial, employment and light industrial districts.

Policy 54C: Happy Valley shall ensure that all commercial and office centers are accessible by transit, bicyclist and pedestrians, generally as shown within the City's current Transportation System Plan.

Policy 55: To improve the economy of Happy Valley by providing a range of land use types including a variety of commercial and employment districts. The following commercial and employment districts are applicable for any location in the City:

Policy 55A: Mixed Commercial Center (MCC). The Mixed Commercial Center district is intended to establish locations for the development of general commercial centers providing a broad range of shopping and service requirements to meet city-wide needs. The Mixed Commercial Center district, as applied in East Happy Valley, corresponds to the Damascus/Boring Concept Plan's designation of Neighborhood Centers. These mixed use centers in East Happy Valley accommodate retail services with a focus on meeting resident's daily shopping needs. They are planned to be well served by transit and be integrated with mixed use and higher density housing – thus supporting less auto-dependent life styles. These centers are also appropriate locations for civic uses such as post offices and branch libraries. Their design is intended to be highly pedestrian-oriented.

Policy 55B: Community Commercial Center (CCC). Community Commercial Center is intended to provide locations or "nodes" for a range of small businesses and services adjacent to residential areas as a convenience to nearby residents. The Community Commercial Center district, as applied in East Happy Valley, corresponds to the Damascus/Boring Concept Plan's designation of Corner Store centers. These mixed use centers in East Happy Valley accommodate small scale retail and services that meet the convenience needs of neighborhood residents. Mixed use is allowed and encouraged. Access to these centers is provided by well-connected local streets and safe bicycle and pedestrian routes. Their design is intended to be highly pedestrian-oriented.

Policy 55C: Location and compatibility of commercial districts. MCC and CCC districts are limited to areas of Happy Valley annexed after the end of 2004. Neighborhood Commercial uses associated with the Rock Creek Mixed-Use Employment, R-5 and SFA districts may be allowed throughout Happy Valley subject to special standards. The location and compatibility criteria in sub-policies 55B.1-55B.3 apply:

Policy 55C.1: Mixed Commercial Center location and compatibility. New MCC districts shall be limited to an area of up to 15 acres of contiguous land. Building footprint size on any given site is limited to 60,000 sq. ft. per structure. Appropriate locations for MCC districts are generally at the intersection of the following types of streets as designated in the City's TSP:

a) Major or minor arterial street and major or minor arterial street
b) Major or minor arterial street and collector street

All MCC developments involving five acres or more of land are subject to master plan review and design review. In the East Happy Valley Comprehensive Plan Area, a master plan approval is required for the entire lot or parcel proposed for development together with any contiguous lot or parcels owned by the same owner, within the MCC district prior to new development.

In the East Happy Valley Comprehensive Plan Area, one Mixed Commercial Center may exceed the 15-acre limit described above, but may not exceed 20 acres of contiguous property. In this center, the maximum building footprint size is limited to 150,000 square feet per structure, provided the entire contiguous 20-acre area is master planned prior to new development. If the entire contiguous area of this center is not master planned together, the maximum building footprint size is limited to 60,000 square feet per structure. A lot, parcel or other area is not considered contiguous if it is separated from an adjacent MCC district by a public right-of-way. Further, as part of demonstrating compliance with master plan requirements, design review to the Happy Valley Style, and other code criteria, applicants shall demonstrate how: (1) the visual impact of larger scale development has been mitigated; (2) the streetscape is pedestrian-oriented and varied to create visual interest, (3) public amenities are provided and scaled appropriately; (4) transitions to adjacent areas and future development are provided; (5) adequate infrastructure is provided; and, (6) overall design excellence justifies the larger than normal scale of the project.

Policy 55C.2: Community Commercial Center location and compatibility. New CCC districts are limited in size to not more than five acres of contiguous land. *Building footprint size on any given site is limited to 30,000 sq. ft. per* structure. Appropriate locations for CCC districts are generally at the intersection of the following types of streets as designated in the City's TSP:

a) Major or minor arterial street and major or minor arterial street
b) Major or minor arterial street and collector street
c) Collector street and collector street

Policy 55C.3: Neighborhood Commercial location and compatibility. Neighborhood commercial uses within certain residential districts are appropriately located on lots at the intersection of the types of streets listed below, as designated in the City's Transportation System Plan. There is a corresponding maximum building area for each Neighborhood Commercial development:

a) Major or minor arterial street and collector street: 7,000 square feet per building.
b) Collector street and collector street: 5,000 square feet per building.
c) Collector street and local street: 3,000 square feet per building.

Policy 55C.4: Master plan the neighborhood centers along 172nd Avenue (Borges extension and Sunnyside areas) to ensure excellent, pedestrian-oriented design. The City's master plan, design review and Happy Valley style procedures and requirements shall be used to plan the neighborhood centers.

Policy 55D: Employment Center. The Employment Center designation is intended to provide for a mix of employment opportunities, located where they are accessible by a variety of transportation modes, including transit service and safe and convenient pedestrian connections. These areas:

1) Provide transition between mixed use centers and residential areas;
2) Provide sites suitable for industrial, office, tech/flex, creative arts, high schools and technical schools (that meet code criteria for compatibility in employment areas), and other businesses in multi-tenant and (in some cases) multi-story buildings. The walkable character of the surrounding urban environment is a defining element.
3) Support limited retail and services serving their locales;
4) Allow housing as part of mixed use buildings and sites.

Policy 55E: Industrial Campus. The Industrial Campus designation is intended to provide employment opportunities consistent with Metro's Title 4 requirements. The district is Happy Valley's zone for implementing Metro's requirements for Regionally Significant Industrial Areas. . IC districts are intended to:

1) Protect sites for larger scale industrial users, with exceptions for pre-existing parcels and committed areas.
2) Provide industrial land near appropriate transportation facilities, specifically Highway 212/224.
3) Retain land for industrial use, in part by limiting the size and location of new buildings for retail commercial uses (such as stores and restaurants) and retail and professional services that cater to daily customers (such as financial, insurance, real estate, legal, medical and dental offices) to ensure

they serve primarily the needs of workers in the area. Non-industrial uses will not exceed 3,000 square feet in a single outlet, or 20,000 square feet in a multi-tenant building. Compatible public facilities will be permitted.

4) Provide for public facilities, parks, education and related uses that are compatible with industrial areas.

Policy 56: Due to rapid growth and staffing constraints, the City of Happy Valley has found it necessary to adopt a number of separate, geographically specific, "comprehensive plans" in the overall land use planning for the city. These include the Rock Creek Comprehensive Plan, the Aldridge Road Comprehensive Plan; the Rock Creek Mixed Employment Comprehensive Plan; and, the East Happy Valley Comprehensive Plan. The following policy sections and sub-sections detail specific policies associated with these "mini comprehensive plans" that have been added to the City's greater Comprehensive Plan policies:

Policy 56A: Generally, the Rock Creek Comprehensive Plan and Aldridge Road Comprehensive Plan will determine land uses and guide the provision of Level 1 facilities and services to land annexed to the City that is located roughly north of Sunnyside Road, east of 137th Drive and west of 162nd Avenue as follows:

Policy 56A.1 In the Rock Creek area, Commercial and Office needs will be met through annexation of the existing Sunnyside Village Center, and the planned Mixed Use Employment, Mixed Use Commercial and Mixed Use Residential designations.

Policy 56B: To plan for the creation of the Rock Creek Employment District.

The Rock Creek Employment District is an approximately 146-acre area located generally northwest of the intersection of Oregon Highway 224 and SE 162nd Avenue. The Area has historically been zoned Exclusive Farm Use ("EFU") pursuant to Clackamas County's acknowledged comprehensive plan and land use regulations while it was outside of the Portland Metropolitan Urban Growth Boundary ("UGB"). This area is subject to the Damascus-Boring Concept Plan ("Concept Plan") required by the site's 2002 inclusion within the UGB. The Concept Plan, approved by Metro and the Happy Valley City Council, established that this area will be an Employment Area implementing Metro Functional Plan Title 4, "Industrial and Other Employment Areas." However, the site is not subject to the Industrial or the Regionally Significant Industrial Area restrictions contained in Title 4.

To implement the Concept Plan vision for this site, the City adopted the Rock Creek Mixed Employment ("RC-ME") zoning district consistent with applicable provisions of the Happy Valley Comprehensive Plan and the Metro Functional Plan providing for a variety of employment-generating uses.

The RC-ME district is intended to:

1) Protect sites for larger scale employment generators, medical centers and senior housing, with exceptions for pre-existing parcels and committed areas;
2) Provide employment land near appropriate transportation facilities, specifically Highway 212/224 and 162nd Avenue;
3) Retain land for employment use, in part by limiting the size and location of new buildings for retail commercial uses. Specifically, retail sales uses may

not exceed 60,000 square feet of gross lease area in a single building; or commercial retail uses with a total of more than 60,000 square feet of retail sales area on a single lot or parcel; or, on contiguous lots or parcels, including those separated only by transportation right-of-way; and,

4) Provide for public facilities, parks, education and related uses that are compatible with employment areas.

The City acknowledges that the area's transportation and ecosystems services infrastructure must be improved to accommodate the proposed uses. Accordingly, the implementing zoning ordinance text and map amendments shall address ecosystem services, including the implementation of low impact development strategies and include requirements that the area not be developed until there are adequate transportation facilities for proposed uses as determined by the requirements of the Oregon Transportation Planning Rule found in OAR 660-012-0060(1)-(3) and Statewide Planning Goal 12, "Transportation" and consistent with Happy Valley Land Development Code requirements.

Policy 56C: Overall Policy Framework for the East Happy Valley Comprehensive Plan. The following policies were derived from the goals and principles (originally dated July 13, 2004) of the Damascus/Boring Concept Plan. They are adopted as the overall policies guiding growth and livability in the East Happy Valley Comprehensive Plan area (East Happy Valley). Each policy is made up of its introductory goal-oriented statement, followed by the principles to be used during implementation.

Policy 56C.1: East Happy Valley Community

East Happy Valley will be a well-designed community with core mixed-use areas, livable neighborhoods and a range of job opportunities all integrated with the transportation system, natural environment, open space network and public facilities. Community elements will include:

a) Neighborhoods as the basic "building blocks" of the community.
b) Mixed-use centers that encourage a sense of community.
c) A diverse range of job opportunities.
d) A mix of uses and transit supportive densities along transit streets.
e) A well-connected network of transportation, land uses and natural resource systems to support public transit, walking and bicycling.
f) An integrated system of open space, parks and natural areas throughout the community, using them as an organizing principle for land uses.
g) Pedestrian-friendly public spaces that accommodate outdoor activity and socialization within both residential and commercial districts.

Policy 56C.2: East Happy Valley Employment

East Happy Valley will include a diverse range and adequate amount of employment opportunities. Employment lands will provide:

a) Reasonable amounts of industrial and employment areas to address the employment needs for those living within the area, as well as to contribute to sub-regional needs.
b) Employment uses accessible by a full range of transportation modes (i.e.-automobile, freight, transit, shared ride, pedestrian and bicycle).
c) A mix of retail, civic, and related uses and services to serve the daily needs of the local community.

d) Employment uses that take advantage of and reflect the natural resource qualities of the land, including forested buttes, salmon bearing streams, agricultural products and beautiful views.

Policy 56C.4: East Happy Valley Transportation
East Happy Valley will have an effective transportation system that provides a range of travel options. The transportation system will include:

a) A coordinated land use and transportation system to support a wide range of convenient and attractive transportation choices, including cars, transit, walking, bicycling and other forms of personal conveyance.
b) A transportation system that is safe for all modes of travel.
c) A well-connected network of arterial and collector streets that adequately serves local travel needs and regional and intrastate access and freight mobility needs.
d) A cost-effective, aesthetic and feasible transportation system.
e) A transportation system designed and located to minimize impacts to natural resources while providing for circulation for all modes of travel.
f) A range of street design types that reinforces a sense of community, leaves the mixed-use areas intact and minimizes impact to neighborhoods to support community livability.
g) An interconnected system of bicycle and pedestrian routes that directly connects to community destinations, with special pedestrian amenities on transit streets. In order to provide options for north south travel in the 172nd Avenue corridor, development on both sides of 172nd will provide a connected and continuous pattern of north-south streets that parallel 172nd Avenue.
h) Direct and convenient freight access from employment and industrial areas to regional transportation facilities to reduce the potential for traffic intrusions into neighborhoods and rural areas.
i) A regional and community transit service in mixed-use areas and on key streets that is supported by street design, a mix of land uses and transit-supportive densities.
j) A coordinated transportation system with existing neighboring cities and counties and future planning areas.
k) A transportation system in East Happy Valley that is consistent with Happy Valley's overall Transportation System Plan.

Policy 56C.5: East Happy Valley Natural Resources
East Happy Valley's transition to an urban area over time will also preserve, restore and/or enhance unique areas, natural features, fish and wildlife habitats and special places. As practicable, natural resource implementation will:

a) Protect, enhance and restore water and air quality by:

- Achieving low levels of effective impervious area and high levels of forest protection and restoration;
- Protecting steep slopes and undeveloped floodplains;
- Protecting, restoring and enhancing riparian and upland habitat;

- Preserving, restoring and enhancing headwaters, streams and groundwater systems to achieve clean water;
- Maximizing opportunities to protect and enhance natural watershed functions and processes;
- Managing stormwater to protect hydrology and natural resources, and promote recycling.

b) Protect, restore and enhance ecologically viable fish and wildlife habitat that will sustain the area's native biodiversity and maintain wildlife habitat connectivity within the community and to adjacent natural areas.

c) Minimize development impacts on natural hazard areas including floodplains, landslide areas, and steep slopes.

d) Provide an ecologically linked system of parks, natural areas, farmland, trails and open spaces for community, recreation and natural resource values within the Damascus/Boring area that is connected to the Clackamas River and other natural areas within the region, and ensure adequate coordination with adjacent communities.

e) Minimize impacts on habitat connectivity, ecological viability, air and water quality, and scenic views when developing an interconnected street, bicycle, pedestrian and transit system.

f) Maximize opportunities to protect open spaces that can provide multiple public benefits such as stormwater facilities, parks, trails and utilities without compromising hydrology, habitat, or ecological functions.

g) Seek opportunities to incorporate green street designs and green development practices into the community design and infrastructure plans to minimize negative impacts of development on the environment.

h) For this policy, references to steep slopes shall be interpreted as follows: (1) slopes greater than 25% shall be protected from development, but shall be eligible for density transfers; (2) slopes 15-25% shall be protected through a combination of clustering, transfer of development rights, low density development and other techniques that balance conservation and development rights.

i) Organize land uses to relate to green design elements, including:
- Natural areas as focal points
- Protection of the areas of Scouter's Mountain that are 15% and greater in slope. Transfer of density from area's 15% and steeper may result in clustering in other areas that exceed base zoning – this technique is allowed and encouraged.
- Protection and restoration of vegetation along streams Low impact building design and infrastructure

j) Use the Damascus/Boring Concept Plan's Parks and Schools diagram to guide park and school locations, and, master planning for parks, schools, trails, and greenways. Coordinate development with parks and schools facility plans. Public or private parks, with usable open space, should be within walking distance of all homes.

k) Low impact development practices and infrastructure will be allowed and encouraged in East Happy Valley. The City will be proactive in proposing low impact public works projects.

Policy 56C.6: East Happy Valley Public Facilities
Infrastructure in East Happy Valley will provide adequate and coordinated public facilities and services, including sewer, water, storm drainage, police, fire, parks and schools. Happy Valley supports:

a) Public education facilities in the neighborhoods and throughout the community.
b) Public park, recreation and open space facilities.
c) Police, fire and emergency facilities and services.
d) Cost-effective and feasible sanitary sewer and public water facilities.
e) Cost-effective and feasible surface water conveyance, treatment and storage.
f) Recycling of storm water and gray water.
g) Expansion of the Metro Greenspaces effort in East Happy Valley to preserve and link regionally significant open space areas, parks and regional trails.
h) Minimizing the amount of land needed and reduce capital and operating costs by using land as efficiently as possible by collocating compatible public facilities.
i) Coordinating with the private utilities to meet the need for adequate private utilities (telephone, electrical, natural gas, fiber optic cable, etc).

Policy 56C.7: Balance of Urban Development and Rural Landscape Character
Development in East Happy Valley will balance the creation of a great urban community with respect for rural landscape features. East Happy Valley will:

a) Allow many of the uses and features that provide the existing character and identity, such as visual open space, wildlife habitat, farms (including nurseries, small scale farms and demonstration farms), and woodlots to operate until such time as converted to urban uses.
b) Protect significant views and historic and cultural heritage sites, when so designated in the comprehensive plan.
c) Provide land uses and public facilities designed to be compatible with natural features, using them to provide separation, transition and underlying form for the built environment.
d) Ensure that slope areas (15% and greater) are protected in balance with reasonable development rights for property owners.
e) Organize development and protection according to the basic tenets of Landscape Based Place Making in the Damascus/ Boring Concept Plan: (1) Lands steeper than 25% and significant natural resource areas shall be protected from development via the City's steep slopes overlay, wetland buffers and riparian corridor buffers; (2) Lands between 15-25% slope shall be protected through a combination of clustering, transfer of development rights, low density development and other techniques that balance conservation and development rights; and (3) Lands less than 15% slope shall be available for urban uses.
f) The park, trail, and school system will be linked and coordinated. This will include linkages to ensure local trails connect to the regional trail network.

Policy 56C.8: Urban Design
East Happy Valley will reflect the state of the art of urban design principles and practice, built from centuries of experience, and applied to a new 21st century community. Implementation will include:

a) An overall community design and form that is coordinated with the larger systems of the Portland Metropolitan area.
b) The design of a new community that fits the contours and form of the unique Damascus/Boring/East Happy Valley landscape, and honors local history, climate, ecology, and building form.
c) An overall urban form that is organized into a logical pattern of town center(s), neighborhood centers, corridors, neighborhoods and industrial and employment districts.
d) Great vistas and views at many scales and forms - ranging from the broad landscape vistas, to city views terminated on civic buildings, to the tree-lined neighborhood blocks.
e) Designs that use green spaces and natural features as ways of organizing and connecting physical elements for the community.
f) Well designed streets that serve as part of the public realm for people, as well as transportation corridors for vehicles.
g) Compact, pedestrian-friendly, and human-scale places that support comfortable walking to ordinary activities and interaction with neighbors.
h) The creation of excellent civic buildings and gathering places.
i) Planned transitions (a.k.a. a "transect") from urban core(s) to neighborhoods to rural and resource areas.
j) A plan that sustains and enhances and the economic, ecological, civic/financial and social fabric of Damascus/Boring community in the long term.
k) Implementation of "Happy Valley Style" design guidelines.
l) A varying of building scale and land use along arterial streets to create interest, variety, and an avoidance of the repetition of land uses and building types.
m) Consider designating gateways for entries to the City of Happy Valley.
n) Important cultural and natural names, places, and themes will be used as East Happy Valley urbanizes. Historic or landscape related names should be used for the street, place and neighborhood names.

Policy 100: The funding of improvements, extension of construction Level 1 facilities and services within the incorporated limits of the city shall be the responsibility of those whose land use activities caused such improvement, extension or construction to become necessary. Funding sources may include but are not limited to creation of a local improvement district (*LID*); outside funding or grants in aid; direct source payment with or without agreement for future reimbursement by other property owners who may utilize the facility or service; other sources as may be identified.

Policy 102: When, as the coordinator of land use activities and service provision to development areas, the City must make determinations regarding fulfillment of the Growth Management Policies and Procedures, the City shall consider recommendations provided by service providers and other affected agencies, including but not limited to the following:

- Clackamas County Service District No. 1 (CCSD#1)
- Sunrise Water Authority

- Clackamas Fire District No. 1 (CFD#1)
- Clackamas County, Department of Transportation and Development (DTD)
- North Clackamas School District No. 12 (NCSD#12)
- North Clackamas Parks & Recreation District (NCPRD)
- Tri-Met
- City of Portland
- City of Gresham
- City of Damascus

Any determination shall be within the parameters of the providers' or agency's own standards, criteria, requirements or plans. The service providers' decision shall be treated as a rebuttable presumption as to the ability of that provider to provide an acceptable level of service. However, the evidence that can rebut said decision must be compelling evidence based upon objective data and the agencies' standards-criteria-requirement or plans in order to controvert the determination of the service provided.

Policy 103: No development of any properties shall be permitted which will interfere or prevent the extension of any Level 1 facilities or services.

APPENDIX E – CLACKAMAS INDUSTRIAL AREA 20-YEAR EMPLOYMENT LAND DEMAND ANALYSIS ASSUMPTIONS

Clackamas Industrial Area Long-Term Employment Land Supply and Demand

In addition to evaluating the vacant and part vacant employment land supply and demand characteristics of the City of Happy Valley, an analysis was also conducted of the land area adjacent to the city (within about one mile) in the area south of the city referred to as the Clackamas Industrial Area. The analysis of the Clackamas Industrial Area supply indicates that there are approximately 226.3 acres of unconstrained land area with employment zoning, as indicated in Table 1.

Table 1. Clackamas Industrial Area Employment Land Supply

	.5 to 1 ac.		1 to 2 ac.		2 to 5 ac.		5 to 10 ac.		10 or more ac.		Total Gross Buildable (less slopes)	
Land Use Class	taxlots	acres	taxlots	acres	taxlots	acres	taxlots	acres	taxlots	acres	taxlots	acres
IL-Industrial Light	18.0	13.4	20.0	25.4	23.0	65.9	3.0	21.1	0.0	0.0	**64**	**125.8**
IH-Industrial Heavy	9.0	6.9	9.0	12.9	0.0	0.0	2.0	12.6	0.0	0.0	**20**	**32.4**
MUE-Mixed Use Employment	1.0	0.7	3.0	2.7	3.0	9.8	0.0	0.0	1.0	34.3	**8**	**47.5**
CO - Office Commercial	1.0	0.7									**1**	**0.7**
CG - General Commercial	8.0	6.1	4.0	5.3	2.0	8.5					**14**	**19.9**
Total	**37**	**27.8**	**36**	**46.3**	**28**	**84.2**	**5**	**33.7**	**1**	**34.3**	**107**	**226.3**

Source: Real Urban Geographics, based on Metro Regional Land Information System, and City of Happy Valley current zoning.

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

Land demand within the Clackamas Industrial Areas was derived based on subarea employment forecasts for traffic analysis zones that make up this area, using data from the Metroscope Generate 2.3 model. Metro forecasts for year 2030 were adopted by the Metro Council in 2005, and have been extrapolated to year 2035 by FCS GROUP. As indicated in **Table 2**, the long-term job growth in the Clackamas Industrial Area is expected to increase from 17,796 jobs in 2005 to 27,166 by year 2035.

Table 2. Clackamas Industrial Area Employment Land Supply

Sector	2005	Proj. 2035	Change:2005-2035	
			Jobs	Percent
Retail Trades	2,465	3,265	800	32%
Services	4,843	9,557	4,714	97%
Industrial/Other Subtotal	10,488	14,344	3,856	37%
Industrial/Other	*9,964*	*13,627*	*3,663*	*37%*
Government/ Institutional	*524*	*717*	*193*	*37%*
Total	**17,796**	**27,166**	**9,370**	**53%**

Source: Estimates and forecasts are based on Metro adopted housing and employment growth forecasts, 2007; Metroscope Gen. 2.3; extrapolated to 2035 by FCS GROUP; assumes allocation of "IndustrialOther" jobs based upon Oregon Employment Dept. estimates for Clackamas Industrial Area.

Using the similar method for converting job growth into vacant land needs as was used for the City of Happy Valley EOA, FCS GROUP estimated the future vacant land demand that would be generated by a range in 128 to 214 acres of employment land demand over the next 20 years (see **Table 3.**

Based on these findings, it appears that the Clackamas Industrial Area has an adequate land supply of existing vacant employment land area (226 acres) to accommodate expected level of forecasted demand, even under the high growth forecast (214 acres).

Table 3. Clackamas Industrial Area, 20-Year Employment Land Demand Forecast (buildable acres)

Land Use Classification	Low Growth Forecast (acres)	Medium Growth Forecast (acres)	High Growth Forecast (acres)
Commercial	44	59	73
Employment & Mixed Use	14	19	24
Industrial/Government/Other	70	94	117
Total	**128**	**171**	**214**

Assumptions Medium forecast based on Dec. 2009 Metro 2009-2035 Urban Growth Report assumptions; low and high forecast varies the medium growth forecast by 25%. See Attachment E-1 for supporting assumptions.

Attachment E-1 Clackamas Area Employment Density Assumptions

Clackamas Industrial Area Net New Average Annual Employment Forecast (1 Year Forecast)

	Low	Medium	High
Retail Trades	20	27	33
Services	118	157	196
Industrial/Other	96	129	161
Government	5	6	8
Total	**239**	**319**	**398**

Clackamas Industrial Area Net New 20-Year Employment Forecast

	Low	Medium	High
Retail Trades	400	533	667
Services	2,357	3,143	3,928
Industrial/Other	1,928	2,571	3,213
Government	96	129	161
Total	**4,781**	**6,375**	**7,969**

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

Job Sectors and Building Type Assumptions

Employment Sectors	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	5%	1%	6%	0%	12%	76%	100%
Services	72%	1%	5%	1%	1%	20%	100%
Industrial/Other	8%	0%	50%	40%	2%	0%	100%
Government	43%	37%	5%	0%	0%	15%	100%

Source: Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Building Type to Land Needs Assumptions*

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail
Refill/Redevelopment Rate [1]	5%	10%	30%	50%	80%	5%
Jobs Needing Vacant Land Rate [2]	95%	90%	70%	50%	20%	95%
Building SF Per Job [2]	370	630	550	700	1,100	510
Floor-Area-Ratio [2]	0.40	0.40	0.30	0.30	0.30	0.30
Public Facility Net:Gross Adjustment [3]	1.10	1.10	1.10	1.10	1.10	1.10
Work at Home Adjustment [4]	0.15	0.03	0.05	0.03	0.03	0.03

** assumptions are intended to reflect a long-term average over 20 years, some "ramp up" is expected to attain*
1/ Adjusts for building refill & vacancy allowances.
2/ Building density derived from Metro UGR assumptions.
3/ Allowances take into account land dedicated to public/utility easements.
4/ Allowance based on national statistics by US Dept. of Labor, Bureau of of Labor Statistics, Technical
Source: assumptions are generally consistent with the Metro Draft 2009-2030 Urban Growth Report; modified to

Attachment E-1 (continued)

Projected Clackamas Industrial Area Net New 20-Year Employment Forecast by Building Type, Low

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	20	4	24	-	48	304	400
Services	1,697	24	118	24	24	471	2,357
*Industrial/Other**	154	-	964	771	39	-	1,928
Government*	41	36	5	-	-	14	96
Total	**1,913**	**63**	**1,111**	**795**	**110**	**790**	**4,781**

Projected Clackamas Industrial Area Net New 20-Year Employment Forecast by Building Type, Medium

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	27	5	32	-	64	405	533
Services	2,263	31	157	31	31	629	3,143
Industrial/Other*	206	-	1,285	1,028	51	-	2,571
Government*	55	48	6	-	-	19	129
Total	**2,550**	**84**	**1,481**	**1,060**	**147**	**1,053**	**6,375**

Projected Clackamas Industrial Area Net New 20-Year Employment Forecast by Building Type, High

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Retail Trades	33	7	40	-	80	507	667
Services	2,828	39	196	39	39	786	3,928
Industrial/Other*	257	-	1,607	1,285	64	-	3,213
Government*	69	59	8	-	-	24	161
Total	**3,188**	**105**	**1,851**	**1,325**	**184**	**1,316**	**7,969**

Source: FCS GROUP based on Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Attachment E-1 (continued)

Land Use Assignment Assumptions

Local Zoning Classification	Office	Govern-ment/ Institu-tional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail
Commercial	60%	10%	10%	0%	0%	60%
Employment & Mixed Use	10%	0%	0%	5%	0%	30%
Industrial/Government/Other	30%	90%	90%	95%	100%	10%
Total	100%	100%	100%	100%	100%	100%

Assumptions by FCS GROUP based on local observations.

Projected Clackamas Industrial Area 20-Year Vacant Land Needs Forecast by Zoning Classification, Low

Land Use Classification	Office	Govern-ment/ Institu-tional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	22	0	3	-	-	19	44
Employment & Mixed Use	4	-	-	1	-	9	14
Industrial/Government/Other	11	2	31	22	2	3	70
Total	36	2	34	23	2	31	128

Projected Clackamas Industrial Area 20-Year Vacant Land Needs Forecast by Zoning Classification, Medium

Land Use Classification	Office	Govern-ment/ Institu-tional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	29	0	5	-	-	25	59
Employment & Mixed Use	5	-	-	2	-	13	19
Industrial/Government/Other	14	3	41	29	3	4	94
Total	48	3	46	30	3	42	171

Projected Clackamas Industrial Area 20-Year Vacant Land Needs Forecast by Zoning Classification, High

Land Use Classification	Office	Govern-ment/ Institu-tional	Flex/Bus. Park	Gen. Industrial	Warehouse	Retail	Total
Commercial	36	0	6	-	-	31	73
Employment & Mixed Use	6	-	-	2	-	16	24
Industrial/Government/Other	18	3	51	36	3	5	117
Total	60	4	57	38	3	52	214

APPENDIX F – CRITERIA FOR SPECIFIC DEVELOPMENT SITES

Typical Criteria For Specific Development Sites

Development Type	Heavy Industrial/ Manufacturing	General Manufacturing	Food Processing	Hi-Tech Manufacturing & Processing	Campus Industrial/ Electronic and Computer Assembly	Warehouse/ Distribution	Call Center/ Business Services	Office (Class A)	Commercial Shopping Center	Hotel
Typical Size (NCDA)	5 to 25	5 to 10	5 to 10	10 to 25	5 to 25	10 to 25	3 to 5	1 to 5	5 to 10	3 to 5
Location Preference	Interstate, state highway or principle arterial within 1-10 miles	Interstate, state highway or principle arterial within 1-20 miles	Interstate, state highway or principle arterial within 1-30 miles	Interstate, state highway or principle arterial within 1-15 miles	Interstate, state highway or principle arterial within 1-10 miles	Interstate or limited access four-lane highway within 1-15 miles	Along arterial or streets	Along arterial or streets or in down town centers and transit areas	Arterial street visibility, prefers transit areas	Arterial or interstate visibility or downtown centers
Typical Infrastructure	• Water flow ≥ 36,100 GPD • Sewer flow ≥ 32,500 GPD • 1.0 MW Electricity	• Water flow ≥ 17,000 GPD • Sewer flow ≥ 15,300 GPD • 0.5 MW Electricity	• Water flow ≥ 24,900 GPD • Sewer flow ≥ 22,400 GPD • 1.0 MW Electricity	• Water flow ≥ 65,300 GPD • Sewer flow ≥ 58,800 GPD • 2.0 MW Electricity • Fiber-telecom and route diversity	• Water flow ≥ 74,300 GPD • Sewer flow ≥ 74,300 GPD • 0.5 MW Electricity • Fiber-telecom	• Water flow ≥ 11,700 GPD • Sewer flow ≥ 11,700 GPD • 0.5 MW Electricity	• Water flow ≥ 4,600 GPD • Sewer flow ≥ 4,600 GPD • 0.5 MW Electricity • Broadband Internet access	• Water flow ≥ 3,500 GPD • Sewer flow ≥ 3,500 GPD • 0.5 MW Electricity • Broadband Internet access	• Water flow ≥ 4,000 GPD • Sewer flow ≥ 4,000 GPD • 0.5 MW Electricity • Broadband Internet access	• Water flow ≥ 10,000 GPD • Sewer flow ≥ 10,000 GPD • 0.5 MW Electricity • Broadband Internet access

NCDA - Net Contiguous Developable Acres

Source: Compiled by FCS Group based on Business Oregon Industrial Site Certification requirements and industry standards.

NOTICE OF PUBLIC HEARING
City of Happy Valley Planning Commission and City Council

Notice is hereby given that the City of Happy Valley Planning Commission and City Council will hold public hearings on the following dates in regard to proposed Economic Opportunity & Analysis Implementation:

Date & Time: Planning Commission, September 13, 2011, 7:00 p.m.
City Council, October 4 2011, 7:00 p.m.

Hearing Location: City Hall, 16000 SE Misty Drive, Happy Valley, OR 97086

File & Subject: CPA-03-11 (Legislative Amendments)

Proposal: Adoption of the City's Economic Opportunities Analysis & Implementation Strategy as an ancillary document to the City's Comprehensive Plan, involving proposed comprehensive plan policies and amended narrative.

Location: City Wide

Applicant: City of Happy Valley

Applicable Criteria: Section16.61.050 (Type IV procedure – legislative) of the City of Happy Valley's Municipal Code.

Staff Contact: Michael D. Walter, Economic & Community Development Director
503-783-3800

Interested parties are invited to attend this hearing or to submit comments in writing prior to the meeting time. All written comments must be received by the City of Happy Valley by 5:00 p.m. on **Friday, August 26, 2011** to be included in the Planning Commission packet – verbal or written testimony may also be entered into the record at the public hearing. Those wishing to present verbal testimony, either pro, con, or to raise questions, will be asked to speak after presentation of the report. Testimony should pertain to the applicable criteria.

The decision will be made in accordance with said criteria, and may be appealed to the Land Use Board of Appeals. Failure to raise an issue in writing prior to or before the close of the written comment period or failure to provide sufficient specificity at the public hearing to afford the decision-making body an opportunity to respond to the issue precludes appeal to the Land Use Board of Appeals based upon that issue. The applicant and any person who submits written comments shall receive notice of the decision.

The failure of the applicant to raise constitutional or other issues relating to proposed amendments without sufficient specificity to allow the decision-making body to respond to the issue precludes an action for damages in circuit court.

The decision-making criteria, application, and records concerning this matter are available at the City of Happy Valley City Hall at the above address during working hours (8:00 a.m. to 5:00 p.m.

EXHIBIT # 4

weekdays), please call for an appointment. For additional information, contact Michael D. Walter, Economic & Community Development Director, at the above address and phone number.

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 72 hours in advance by contacting Marylee Walden, City Recorder at the above phone number.

HAPPY VALLEY
E MISTY DRIVE
EY, OREGON 97086

Priority Mail
ComBasPrice

UNITED STATES POSTAGE
PITNEY BOWES
02 1P $ 004.97⁰
0003944642 OCT 10 2011
MAILED FROM ZIP CODE 97086

Plan Amendment Specialist – Angela Houck
Dept. of Land Conservation & Development
635 Capital Street NE, Suite 150
Salem, OR 97301-2540

DEPT OF
OCT 12 2011
LAND CONSERVATION
AND DEVELOPMENT