

# City of Silverton Industrial Economic Opportunities Analysis

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*Prepared for:*  
City of Silverton  
306 S. Water Street  
Silverton, Oregon 97381  
[www.silverton.or.us](http://www.silverton.or.us)



*Prepared by:*  
Leland Consulting Group  
610 SW Alder Street, Suite 1008  
Portland, Oregon 97205  
[www.lelandconsulting.com](http://www.lelandconsulting.com)

in collaboration with:



Otak, Inc.  
17355 SW Boones Ferry Road  
Lake Oswego, Oregon 97035  
[www.otak.com](http://www.otak.com)

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## Executive Summary

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Silverton is one of the fastest growing cities in the Willamette Valley, having grown at an annual rate of over three percent since 1990 to an estimated 2006 population of 8,815. Its proximity to Salem as well as the natural amenities of the Cascade foothills has helped spur significant housing growth. Drawing on this track record, the City is committed to making Silverton a strong place for industrial employment that provides a diversity of job types for residents and an attractive location for businesses.

Industrial employment growth in Silverton is currently constrained by a shortage of vacant industrial land that can accommodate job growth. Today, there are only 18.6 vacant acres of unconstrained industrial land available, which provides little market choice for businesses seeking sites or room for future growth. Indeed, there are only six unconstrained industrial sites available and none larger than five acres.

This economic opportunities analysis (EOA) projects that Silverton's industrial job base could grow by approximately 470 jobs between 2006 and 2026. This growth will require approximately 83 gross new acres to be added to the urban growth boundary (UGB) in order to provide for a variety of parcel sizes and adequate inventory to maintain market competitiveness. Most industrial job growth in Silverton will take place in small businesses producing a wide range of products and services, including food processing, furniture manufacturing, specialty manufacturing, and other categories. These businesses will seek out sites typically less than five acres and in flexible buildings that can accommodate a range of configurations. In addition to this core base of businesses, Silverton could also attract large industrial employers needing sites of 20 acres or more, capitalizing on the State's current shortage of large-acreage industrial sites.

Land alone, however, is not enough to attract industry and grow a community's economy. A UGB expansion should be implemented in coordination with a comprehensive economic development strategy that further strengthens Silverton's opportunity to capture industrial employment. The economic development strategy should include initiatives such as marketing, infrastructure improvements, removing environmental barriers, and development expediting. With these tools in place, Silverton should be well positioned to achieve its vision as a competitive industrial player in the greater Willamette Valley.

## Introduction

Located in the Willamette Valley close to Salem, Silverton has experienced rapid growth over the past 15 years. This growth has largely focused on residential development, while industrial job growth has lagged. Given Silverton's strong assets of location, access, and quality of life, it is poised to attract increased industrial investment.

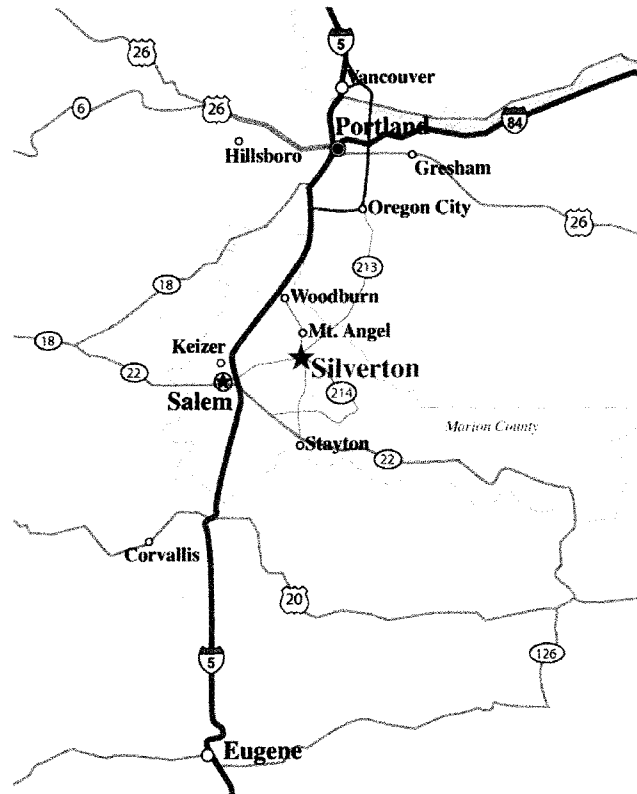
This economic opportunities analysis (EOA) assesses Silverton's industrial land needs over the short- and long-term planning horizons. The purpose of an EOA is to comply with Oregon Statewide Planning Goal 9 (Economic Development), which requires cities to maintain adequate supplies of industrial and other employment lands to sustain economic activities. Among other uses, an EOA helps identify land needs in support of urban growth boundary (UGB) expansions.

This EOA specifically addresses industrial jobs, as opposed to service, retail, office, and other employment types. Since Silverton has increasingly become a bedroom community for Salem over the past 10 years, broadening its employment (and fiscal) base has become an important community goal. Silverton also faces an immediate shortage of vacant industrial land that merits attention.

An EOA is also useful in helping a community to better understand its economy and to plan for economic development initiatives. By quantifying land needs and employment projections, an EOA can guide further planning in infrastructure (roads, utilities) as well as economic development efforts (tax incentives, marketing, workforce training).

This report begins with a review of existing policies in Silverton that apply to industrial jobs and could help guide the types of industries that will locate here in the future. This is followed by an economic overview that analyzes population and employment trends in Silverton and its surrounding market area. The report then identifies the types of industrial land that will be needed in the future and presents an inventory of current

**FIGURE 1. LOCATION MAP OF SILVERTON**



*Source: Silverton Area Chamber of Commerce*

vacant industrial land. Finally, the report utilizes employment projections to quantify the amount of land needed to accommodate future projected employment growth.

Funding for this study was made available by the Department of Land Conservation and Development and the City of Silverton.

## **Existing Policies and Visions**

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This industrial EOA should reflect Silverton's existing policies toward economic development. Those policies are formalized in the City's adopted Comprehensive Plan.

### Comprehensive Plan Policies

Silverton's Comprehensive Plan identifies several goals and policies that give direction for the type of industrial employment that should be targeted in the future. Specifically, the Comprehensive Plan's chapter on economy states the following as the City's economic goal:

"Diversify and improve the economy of Silverton."

Six objectives are outlined to carry out that goal:

1. Protect those areas zoned for industrial development from encroachment of incompatible land uses.
2. Encourage diversified, non-polluting highly skilled labor intensive industrial development in order to provide an increased job market for area residents.
3. Upgrade existing transportation and public facilities necessary for development of the industrial park.
4. Minimize high noise levels, heavy traffic volumes, and other undesirable effects of heavy commercial and industrial developments.
5. Maximize the utilization of local manpower as job opportunities increase.
6. Preserve the existing downtown core and encourage the location of new commercial and retail activities in it.

Finally, the Comprehensive Plan sets six policies for the City to pursue. Three of these policies directly relate to the revitalization of the downtown core. Those that are relevant for an industrial lands policy are listed below:<sup>1</sup>

1. Provide land for light industrial development in an industrial park setting.
2. Enhance the desirability of the industrial park to potential users through improvements in vehicular and railroad access and provision of public services.

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<sup>1</sup> Source: City of Silverton Comprehensive Plan.

3. Pursue State and Federal grants to assist in the development of industrial park properties.

### ***Stakeholder Interviews***

Additional insights about Silverton's vision for the future were gathered through a series of stakeholder interviews held on June 7, 2006. The consultant team met with local and regional economic development officials, local employers, city councilors, planning commission members, and others to gather input on the types of industries that Silverton should target and the community's assets that could form the basis of such growth.

Some of the key findings from the interview process are noted below:

- Food processing is a strong industry in Silverton.
- The City should avoid industries with large sewer outflows.
- Industrial users in Silverton should not require easy I-5 access.
- The underutilized railroad tracks are a potential opportunity.
- Silverton is not well distinguished from other communities for certain industries.
- Make small flex facilities available to allow small "garage" industries to "grow up" and expand.
- Expand the UGB to utilize the airport area for industrial needs.
- Silverton's quality of life is a great advantage to attracting business owners.
- "Cottage" industries are likely - small boutique businesses.
- Don't put all of Silverton's eggs in one basket by targeting just one industry.
- There is little available industrial land left in Silverton today.

## Economic Overview

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### Population

Silverton is located in Marion County in the Mid-Willamette Valley, approximately 15 miles east of Salem. It is a rapidly growing city that is increasingly serving as a bedroom community to Salem. Between 1990 and 2000, it grew by over 31 percent. Silverton's growth has been steady since 2000. From 2000 through 2005, permits for 517 residential units (both single-family and apartments) were issued in Silverton<sup>2</sup>. With an average household size of 2.71 people, this calculates to an approximate 2006 population of 8,815, representing an annual growth rate of 2.93 percent between 2000 and 2006, very close to the rate of growth that occurred in the 1990s.

Long-term population growth in Silverton (2006 through 2026) will likely be a continuation of its past growth in early years, with slower growth in later years. Using a model that estimated continued rapid growth through 2015, with slower annual growth of 1.5 percent thereafter, the City's new Wastewater Facility System Master Plan projects a 2030 population of 14,400. This results in a projected population of 13,567 in 2026. Table 1, below, shows the average annual growth rate for various periods from 1990 through 2026, indicating the projected slowing of annual growth.

**TABLE 1. SILVERTON POPULATION HISTORY AND PROJECTION**

Year	Population	Growth Period	Average Annual Growth
1980 census	5,168	--	--
1990 census	5,635	1980-1990	0.87%
2000 census	7,414	1990-2000	2.78%
2004 (estimate)*	8,060	1990-2004	2.59%
2006 (estimate)**	8,815	1990-2006	2.84%
2026 projection	13,567	1990-2026	2.47%

\* Source: Population Research Center, Portland State University.

\*\* The 2006 estimate was calculated by multiplying the number of new residential permits in Silverton since 2000 by the average household size and adding that to the 2000 census population.

Source: Leland Consulting Group, City of Silverton, U.S. Census Bureau.

### Employment

Employment in Silverton is broad-based, with significant employment in health care (Silverton Hospital), government (City, school district), food processing (BrucePac), and manufacturing (Champion/Redman Homes). Industrial employment is largely concentrated at the north end of town near the industrial park and along First Street.

By sector, total employment in Silverton is shown in Table 2, on the next page.

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<sup>2</sup> Source: City of Silverton.

**TABLE 2. SILVERTON EMPLOYMENT BY SECTOR (2004)**

Employment Sector (Industrial sectors highlighted)	Average Annual Employment	Number of Firms
Construction	86	35
Manufacturing	512	14
Wholesale Trade / Transportation/Utilities	89	13
<i>Industrial subtotal</i>	<i>687</i>	<i>62</i>
Retail Trade	353	25
Information	30	6
Financial Activities	110	35
Professional/Business Services	82	32
Private Education/Health Services	726	43
Leisure/Hospitality	360	31
Other Services	200	36
Government	413	
<b>Total</b>	<b>2,961</b>	<b>443</b>

Source: Oregon Employment Department Covered Wages and Employment 2004.

As shown in Table 3, since 2000, even through the recent recession, Silverton has consistently had a lower unemployment rate than Marion County, the State of Oregon, or even the United States as a whole, indicating its strength as a business location.

**TABLE 3. UNEMPLOYMENT RATE COMPARISON (2000-2005)**

Year	Silverton	Marion County	Oregon	United States
2000	3.1%	4.9%	4.2%	3.7%
2002	n/a	7.3%	7.6%	5.8%
2004	n/a	7.5%	7.3%	5.5%
2005	4.1%	6.4%	6.1%	5.1%

Source: Oregon Labor Market Information System; ESRI.

In summary, Silverton has experienced rapid population growth over the past 15 years, largely due to its proximity to Salem. Strong population growth in Salem will likely sustain growth in Silverton over the next 10 to 20 years. Silverton has a diverse economy, with significant numbers of jobs in a broad range of employment categories, including industrial. With low unemployment rates and continued population growth, Silverton should be prepared for continued employment growth in industrial job sectors.



## **Opportunities and Constraints**

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Silverton's physical, economic, demographic, and cultural characteristics set the framework within which businesses can establish themselves and grow. Depending on the industry, a certain characteristic can be both an opportunity and a constraint to job creation. An analysis of Silverton's context can help narrow down the list of target industries as well as identify where policies could be adjusted to help remove barriers to job creation.

### ***Physical and Social Attributes***

#### Location and Geography

Silverton is located in the Mid-Willamette Valley, approximately 15 miles east of Salem at the base of the Cascade foothills. Thus, its terrain is somewhat hilly, with flat land predominantly limited to the northern and western portions of the City. Silverton's location puts it immediately next to highly productive farmlands, which has helped foster Silverton's food processing industry.

#### Transportation

Silverton is at the junction of three state and county highways and is approximately 11 miles from I-5. While warehousing and distribution users will likely locate closer to I-5, Silverton provides excellent access for other industries, particularly food processing, which relies on good access to nearby farms. Hobart Road is a designated truck route and provides direct access to I-5. Further, Silverton has rail access provided by Southern Pacific, which could serve large industrial users. The now-closed airport to the northwest of town could potentially be reactivated and serve as an amenity for business executives and even aviation-related industry.

#### Utilities

Large industrial users in Silverton currently face gas curtailments during periods of heavy usage. The City has explored using its new urban renewal district (tax increment financing) to assist in funding upgrades to the gas system to allow larger industrial users to operate without constraints, but no plans are finalized. Northwest Natural Gas has indicated that there is not enough demand in Silverton to justify funding improvements without local or user support. Until the capacity is increased, Silverton will be at a disadvantage in attracting industrial users that have significant gas requirements.

Similarly, while the water and sewer system is adequate for current users, there is little capacity for increased sewer utilization. Thus, industrial users with large wastewater outflows will be constrained in Silverton. This may be a limitation to increased growth of the food processing industry, which typically has high levels of wastewater outflow.

## Business Climate

Silverton provides a positive business climate and has made it a policy to attract new industrial businesses. Silverton has no business tax or license fee, which gives it a competitive advantage against many cities, particularly the City of Portland and other cities in Multnomah County.

## Quality of Life

While difficult to measure quantitatively, the quality of life of a community can be a significant economic development tool. Good schools, quality retail, an attractive downtown, an excellent hospital, and cultural amenities make Silverton a desirable place to live. There is also a correlation between the location of a business and the proximity to the owner's home. Therefore, by being an attractive community for business owners to live in, Silverton can attract jobs from employers who want to set up their business close to home. Higher-end neighborhoods and custom home developments along the eastern edge of Silverton provide the opportunity to attract these executives. In interviews, Silverton stakeholders consistently noted that the quality of life and its "small town" feel were attractors to businesses and business owners.

## Opportunities and Constraints Summary

Silverton's quality of life, access to nearby agricultural markets, and location at the crossroads of three State highways make it an attractive location for industrial development. As more firms find it difficult to locate suitable parcels of industrial land in the Salem and Portland metropolitan areas, secondary markets such as Silverton that provide close access to major cities will be in greater demand.

## Target Industries

The industries that Silverton should target over the next 20 years should reflect a combination of the community's stated visions and goals, its current mix of employment, and the impact of its opportunities and constraints. From the issues described above, several industries emerge where Silverton is well poised to see future growth:

- **Food processing:** Silverton already has a strong base within this industry and could expect to see future growth, especially in specialized, niche food products similar to those produced by firms such as BrucePac. Regional trends, however, indicate that this industry is losing jobs in Marion County, not growing<sup>3</sup>. Nevertheless, Silverton's location close to farms and the base of existing business gives it a competitive advantage over other cities for growth from both expansions and new businesses.
- **General light industrial:** Light manufacturing shops can thrive in small communities such as Silverton. The small size of such businesses (5-20 employees) means that transportation impacts (and needs) are small. Likewise, with fewer jobs, a business is more likely to meet its skilled labor needs within the community (as opposed to finding a labor shortage). Finally, smaller

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<sup>3</sup> Source: *Regional Profile Industrial Employment Region 3*, Oregon Employment Department, 2004.

manufacturers are likely to emerge from entrepreneurs who are attracted by Silverton's quality of life. Light manufacturers could include furniture makers, metal fabricators, and specialty technology businesses. Currently, the City is recruiting three light industrial employers to the Silverton Business Park. These employers, a small furniture builder, an electrical contracting company, and a custom metal fabrication company, all seek sites that can accommodate buildings of between 8,000 and 16,000 square feet.

- Large manufacturing facility: The State of Oregon has a noted shortage of shovel-ready industrial land, which has inhibited the State's ability to attract employers.<sup>4</sup> By making one or more large parcels available for development, Silverton could potentially attract such a user. Currently, the Oregon Economic and Community Development Department is fielding multiple business leads from out-of-state entities that seek large sites. Many of these requests seek sites with attributes that Silverton could provide, such as access to railroads, proximity to highways, proximity to agricultural lands, and even access to a rural airstrip<sup>5</sup>. Silverton is already home to one large manufacturer, Champion Homes, which utilizes a 19-acre site in the Silverton Industrial Park.

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<sup>4</sup> Source: Economic Revitalization Team: Report to the Governor, July 1, 2004.  
[http://www.gert.oregon.gov/Gov/ERT/pdf/gert\\_eo\\_2004.pdf](http://www.gert.oregon.gov/Gov/ERT/pdf/gert_eo_2004.pdf)

<sup>5</sup> Source: Recent list of employer leads, Oregon Economic and Community Development Department.

## Employment Growth

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The growth of industrial jobs in Silverton is a direct indicator of the industrial land needs. A common methodology for calculating the employment growth of particular sectors in a community is to identify the ratio of jobs per capita in the community and to apply that ratio to the future population projection. This is the approach used in this EOA.

In 2004, Silverton had 687 industrial jobs, as shown in Table 4, below.

**TABLE 4. INDUSTRIAL EMPLOYMENT PER CAPITA IN SILVERTON, 2004**

Industrial Category	Jobs
Construction & Mining	86
Manufacturing	512
Transportation, Com. & Utilities (incl. wholesale)	89
<b>All Industrial Jobs</b>	<b>687</b>
Population (2004)	8,060
Industrial jobs per capita	0.0852

Source: Oregon Employment Department, Leland Consulting Group.

Regionally, there were 40,224 industrial jobs in 2004 in Oregon Employment Department's Region 3 as shown in Table 5, below. As shown in Table 6, in that same year, there was a regional population of 452,600. Therefore, there were 0.0889 industrial jobs per capital in the Marion, Polk, and Yamhill county region. This is only slightly higher than the ratio for Silverton as shown in Table 4, which indicates that despite its current shortage of vacant land, Silverton has created industrial jobs in close proportion to the rest of the region.

**TABLE 5. REGIONAL INDUSTRIAL EMPLOYMENT, 2004 (REGION 3)**

NAICS Industry Category*	Jobs
47 – Construction and Extraction	7,153
49 – Installation, Maintenance, and Repair	6,372
51 – Production	13,714
53 – Transportation and Material Moving	12,985
<b>TOTAL</b>	<b>40,224</b>

\* Employment categories include all industrial NAICS sectors.

**TABLE 6. REGIONAL POPULATION, 2004 (REGION 3)**

Area	Population
Marion County	298,450
Polk County	64,950
Yamhill County	89,200
<b>TOTAL</b>	<b>452,600</b>
Total Industrial Employment, 2004	40,224
Industrial Jobs Per Capita, 2004	0.0889

Source: Oregon Employment Department, Leland Consulting Group.

Silverton, therefore, closely mirrors the region in terms of the share of employment that is in industrial categories (0.0852 vs. 0.0889 industrial jobs per capita). If Silverton maintains this parity with the region into the future, industrial job growth in Silverton would grow by 2026 by 469 jobs as shown in Table 7.

**TABLE 7. INDUSTRIAL EMPLOYMENT GROWTH IN SILVERTON, 2004-2026**

Calculation	Result
Silverton Population, 2026	13,567
x Silverton Average Industrial Jobs Per Capita	0.0852
= Silverton Industrial Jobs, 2026	1,156
less Current Industrial Jobs in Silverton	687
= Net New Industrial Jobs in Silverton, 2026	469

Source: Leland Consulting Group.

### **Land Demand Analysis**

Combining the employment growth described earlier with the average employment density for industrial jobs, we can calculate the number of acres that will be needed to accommodate the new jobs. Since the types of future industrial employers in Silverton will likely be similar to those that exist today, the industrial employment density found today has been used. As described in earlier sections, in 2004, Silverton had 687 industrial jobs, which were spread across 77.6 acres of developed industrial land. Therefore, the average industrial employment density is 8.9 jobs per net acre. So, 469 new jobs by 2026 will require 52.7 net acres of industrial land.

**TABLE 8. LAND DEMAND ANALYSIS**

Calculation	Result
Total New Jobs, 2026	469
Job density	8.9
<b>Net acres needed</b>	<b>52.7</b>

Source: Leland Consulting Group.

### **Site Requirements**

With the exception of large manufacturers, most future industrial employment growth in Silverton will take place in small businesses. Smaller industrial businesses typically locate in business parks or “flex” buildings, which can be utilized for a variety of uses ranging from light manufacturing, repair, food processing, showrooms, and even limited office. Thus, Silverton must provide industrial land that allows for a variety of potential configurations to cater to varying needs.

Silverton’s existing industrial park is a good example of how flexibility can be gained on a large scale, where medium-sized parcels can be made available to users on a build-to-suit basis. Very small users and startup companies often do not have the capital or desire to build their own buildings and instead seek out existing leasable space. These flex buildings can include anywhere from two to ten or more individual businesses. This flexibility allows a tenant to perform a wide variety of activities and it allows the landlord the ability to subdivide a larger building into a range of spaces depending on tenant needs.

Typically, multi-tenant flex buildings have anywhere from two to 20 tenants, depending on the amount of space that each tenant requires. Given the small size of the Silverton market area, parcels should be tailored to allow for smaller buildings. Most tenants have space needs of between 5,000 and 15,000 square feet. Thus, the market will predominantly be in smaller parcels of less than five acres that can accommodate a flex building of multiple users or a build-to-suit building for a larger single user. Some additional medium-sized parcels of five to ten acres should be provided for potentially larger developments.

The second category of site types is large manufacturing. As discussed earlier, the State has a severe shortage of large industrial sites and some new job growth in Silverton could come from larger manufacturers (e.g., manufactured homes, large food processing) that choose to locate here because Silverton makes such a site available. Sites for these users typically have similar requirements as those for flex buildings, except that the size should be a minimum of 20 acres. Therefore, the large sites stand in their own category, since the minimum size is three to four times as large as that for the smaller sites that will meet the bulk of Silverton's demand. A summary of the site requirements of both flex and large manufacturing buildings is shown in Table 9.

**TABLE 9. SITE CHARACTERISTICS OF FLEX AND LARGE MANUFACTURING BUILDINGS**

Characteristic	Flex Building	Large Manufacturing
Building Size	6,000 to 20,000 s.f.	100,000 to 1,000,000 s.f.
Building Configuration	60 – 100 ft. deep, up to 200 ft. long, 1 or more buildings per site	Variable. Build to suit for user needs.
Parcel Size	0.5 to 5.0 acres	20.0+ acres
Parcel Configuration	200 to 300 feet deep	500+ feet deep
Typical FAR	0.25 – 0.40	0.30 – 0.40
Parking	3 – 5 spaces per 1,000 s.f. of building	2 – 6 spaces per 1,000 s.f. of building
Employment Density	~ 9 per acre	~9 jobs per acre
Access	Direct access preferred, not essential	Direct access to highway or truck route required

Source: *Guide to Classifying Industrial Property*, Urban Land Institute, 2003; *Business Park and Industrial Development Handbook*, Urban Land Institute, 2001.

In addition to the site configurations of flex and manufacturing buildings, all industrial development in Silverton should address the following site considerations:

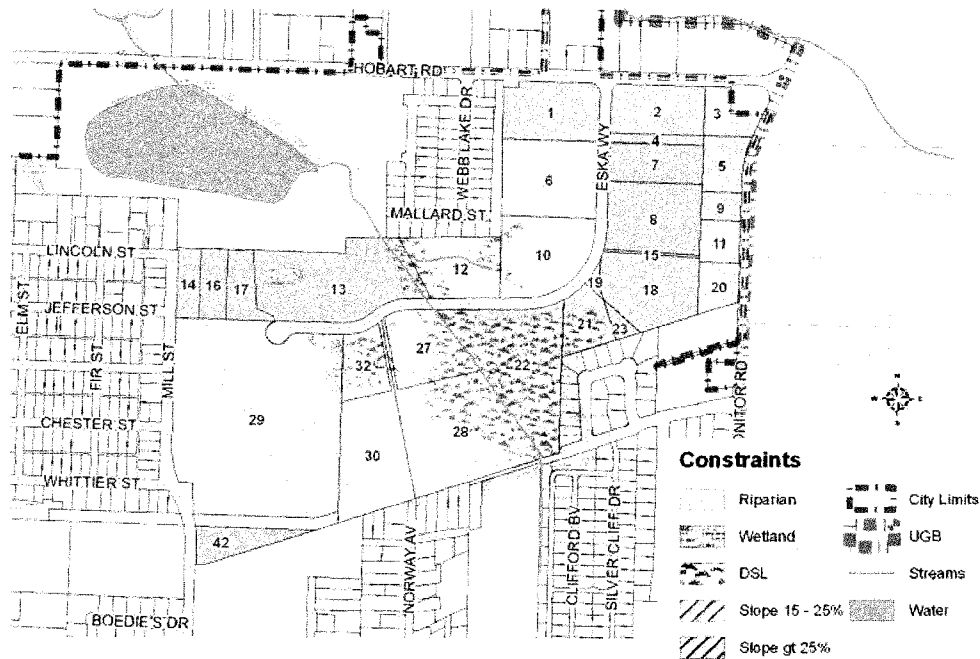
- **Access:** Locate on or near a state highway or truck route to provide quick access with minimal disruption to downtown Silverton or residential neighborhoods.
- **Aggregation:** Locate industrial parcels near each other. New industrial land should be aggregated so that large parcels can be subdivided and configured according to market shifts and user demands. If new acreage is spread too thinly, configuration flexibility is reduced.

## Industrial Land Inventory

As shown in Table 10, the total available inventory of vacant industrial land, excluding constrained property, is 18.6 acres. All of Silverton's vacant industrial inventory is located in the Silverton Industrial Park on Eska Way, shown in Figure 2. Constrained land is considered any property with a slope greater than 15 percent (which is not the case for any industrially zoned land in Silverton), those with Goal 5 resources as identified by the Division of State Lands (DSL), and properties with shape, configuration, or other access problems.

There is currently no mitigation plan in place for the wetlands that cross numerous parcels in the Silverton Industrial Park. These sites are unlikely to be developed in the short term since a full mitigation plan would be required prior to developing the property and the extent of the wetlands constraints is not fully known today. Where properties have wetlands on a portion of the parcel, the inventory excludes the entire site in most cases due to the unknown mitigation requirements and where the location of the wetlands would make it difficult to efficiently configure an industrial building.<sup>6</sup> For reference, parcels will be identified in this report using the reference numbers on each tax lot.

**FIGURE 2. SILVERTON INDUSTRIAL PARK PARCELS  
(COLORS INDICATE CONTIGUOUS OWNERSHIPS)**



<sup>6</sup> Specifically, the following parcels were excluded in their entirety: 12, 21, 22, 27, and 32. Site 27 was excluded because it will be needed to provide access to sites 28 and 30. Half of site 10 and 2/3 of site 28 were excluded due to partial wetlands constraints. While it does not have wetlands, parcel 42 was also excluded due to its shape and that it is reportedly planned as a future skate park.

Source: Otak, Inc.

**TABLE 10. SUMMARY OF CONSTRAINTS AND AVAILABLE ACRES ON VACANT INDUSTRIAL LAND IN SILVERTON UGB**

Gross Vacant Acreage	Wetlands Constraints	Other Constraints	Net Vacant Acreage
43.6	23.5	1.5	18.6

Source: Leland Consulting Group and Otak, Inc.

This inventory is further broken down by parcel size. Where under single ownership and contiguous, these parcels have been combined to create a single large parcel. In all cases, available acreage has been reduced by any environmental constraints.

**TABLE 11. UNCONSTRAINED VACANT INDUSTRIAL LAND INVENTORY BY PARCEL SIZE**

Size	Number of Parcels	Parcel ID (Figure 2)	Total Acres
< 2.0 acres	1	5	1.4
2.0 – 5.0 acres	5	1, 10*, (18, 19, 23), 28*, 30	17.2
5.0 acres or greater	0		0
<b>Total</b>	<b>6</b>		<b>18.6</b>

\*Unconstrained portion.

Source: Otak, Inc. and Leland Consulting Group.

Thus, there are only six developable industrial parcels in all of Silverton and no unconstrained lots larger than five acres. The single small parcel is reportedly in negotiations for the location of a new business, which would further constrain the supply if the negotiations are successful.

In addition to vacant land, new industrial development could occur on underutilized industrial land. Underutilized industrial land is that which has existing uses on it, but that the value of improvements (buildings, structures) is less than the value of the underlying land as tracked by the Marion County Assessor's Office. There were five industrial parcels in Silverton that met this criteria, totaling 11.2 acres. Two of these parcels are less than 1/3 of an acre, two are exactly 1.0 acre each, and only one is significantly large, an 8.7-acre parcel located on Railway Avenue that is being used for a mini-storage facility. Given the small size of the four smaller parcels, it is not likely that they would accommodate any significant portion of Silverton's future industrial growth. Since there is only one underutilized parcel greater than 1.0 acre, it is not possible to make an assumption that this parcel will be redeveloped and accommodate a share of future industrial growth, thus no growth through redevelopment has been assumed. It is likely that some new industrial development will occur on already-developed properties, when an employer moves out or closes down, for example. These cases, however, do not represent a net increase in employment, since the new development will replace lost jobs.

### **Market Choice**

In addition to having an adequate amount of vacant industrial acreage, to be economically sustainable, a community must also have a choice of lots in a variety of



sizes and locations in order to keep land prices competitive and provide a prospective business a choice of options. All of the vacant acreage is in the existing Silverton Industrial Park, leaving no locational alternatives for a prospective industrial user.

As discussed in the previous section, Silverton's largest opportunity for industrial growth is in small businesses that typically operate in multi-tenant flex buildings. These buildings, particularly in a smaller city such as Silverton, typically require sites of 2.0 acres or less, although some can be larger. Silverton's inventory of sites includes only one site that meets this criterion. At any given time, the vacant land supply should be two to five times the immediate demand in order to provide this market choice. Thus, even if the market demand for small lots in Silverton were one parcel, there should be a choice of two to five parcels.

In addition to providing sites for small businesses, Silverton should also make available larger sites to allow for existing businesses to expand or for a large user from outside the area to consider Silverton when choosing a location.

## Industrial Land Needs

Silverton's future industrial land needs can be calculated by deducting current supply from the future industrial land need. This net industrial land need can then be categorized into a range of parcel sizes to assist planners.

In addition to the baseline growth projected earlier, Silverton can aspire to attract a large user with more significant land needs. Indeed, the Champion Homes factory site is approximately 20 acres and it is conceivable that Silverton could attract other businesses of similar size. By providing two sites of 20 acres each in addition to land needed for baseline growth, Silverton could attract large users without restricting supply for smaller users. Aside from these large sites, parcels of less than 10 acres would likely meet the site needs of most employers in Silverton.

As can be seen in Table 12, Silverton will require an additional 83.8 gross acres of industrial land to meet both its 20-year industrial employment forecast and its desire to attract large industrial users while maintaining market competition. This includes an allowance of 13 percent for roads, open space, and other infrastructure to serve new industrial parcels.

**TABLE 12. NET INDUSTRIAL LAND DEMAND**

	Flex Buildings (Acres)	Large Mfg. Sites (Acres)	Total
20-year demand (Table 8) or aspirational opportunity	52.7	40.0	92.7
Current vacant land	18.6	0.0	18.6
<b>Net Acres Needed</b>	<b>34.1</b>	<b>40.0</b>	<b>74.1</b>
Additional land for open space, circulation, and infrastructure (13%)	4.4	5.2	9.6
<b>Gross Land Deficit</b>	<b>38.5</b>	<b>45.2</b>	<b>83.8*</b>

\* Higher by 0.1 acres due to rounding.

Source: Leland Consulting Group.

Broken out by parcel size, the 20-year net industrial land needs are shown in Table 13. The breakdown of parcel sizes reflects the need to provide predominantly small and medium-sized parcels that are suitable for flex buildings. Due to the variability of site sizes within each category, totals do not add up precisely to the amounts in Table 12. The purpose of Table 13 is to recommend the numbers of parcels in each size range that should be planned.

**TABLE 13. 20-YEAR NET LAND DEMAND BY PARCEL SIZE**

Size Range	Number of Parcels	Total Acres*	Current Parcels	Current Acreage	Additional Acreage Needed
< 2.0 acres	8	11.2	1	1.4	9.8
2.0 – 5.0 acres	6	21.0	5	17.2	3.8
5.0 acres or greater	3	21.0	0	0	21.0
20 acre site for large user	2	40.0	0	0	40.0
<b>Total</b>	<b>21</b>	<b>93.2</b>	<b>6</b>	<b>18.6</b>	<b>74.6</b>

\* Assuming an average parcel size of 1.4 acres for small sites, 3.5 acres for medium sites, and 7.0 acres for large sites.

Source: Leland Consulting Group.

### Short-term Need

Given that there are only six vacant parcels of industrial land in Silverton today, and that there are no large parcels at all, there is an immediate need for Silverton to provide a range of parcel choices to new or expanding industrial users. In the short term, defined as the next five years, the supply of vacant small and medium-sized parcels should be increased to fulfill immediate market opportunities. While the five-year, short-term demand could be approximated as one quarter of the 20-year demand, this analysis calculates the short-term demand as one third of the 20-year demand in order to provide a surplus of sites in the short term to provide for market choice. Thus, the short-term supply essentially “jump starts” the 20-year supply, but is not a separate inventory of land in addition to the 20-year need. Having a range of sites to choose from at any given time and within specific product categories is important so as to create a competitive market that gives buyers a choice of locations at prices that are comparable to other cities.

**TABLE 14. SHORT-TERM INDUSTRIAL LAND NEEDS**

Size Range	Short-Term Demand*	Short-Term Acreage**	Number of Parcels Today	Short-Term Sites Needed	Additional Short-Term Acreage Needed**
< 2.0 acres	3	4.2	1	2	2.8
2.0 – 5.0 acres	2	7.0	5	0	0
5.0 acres or greater	2	14.0	0	1	7.0
20-acre site for large user	2	40.0	0	2	40.0
<b>Total</b>	<b>9</b>	<b>65.2</b>	<b>6</b>	<b>5</b>	<b>49.8</b>

\* Assumes 1/3 of 20-year supply should be made available immediately to be market competitive. Numbers have been rounded up where applicable.

\*\* Assumes an average parcel size of 1.4 acres for small sites, 3.5 acres for medium sites, and 7.0 acres for large sites.

Source: Leland Consulting Group

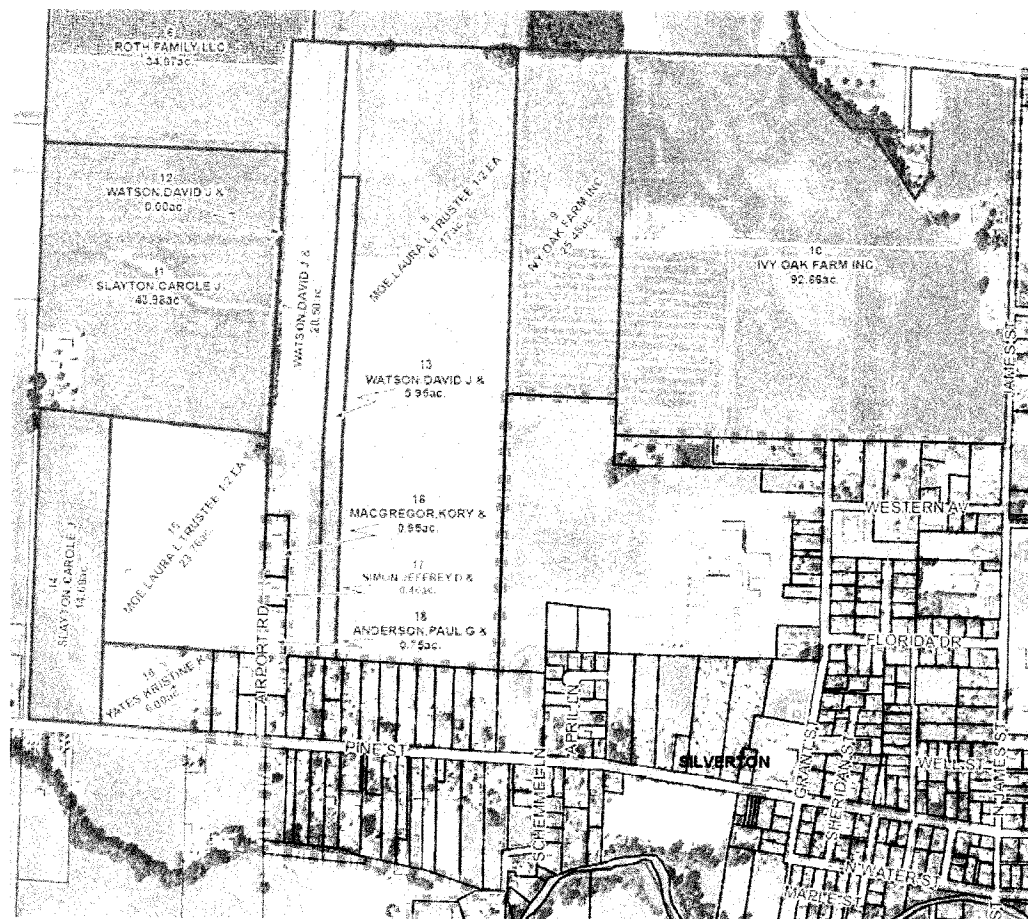
In conclusion, Silverton’s short-term industrial land needs are for 9 sites totaling 65.2 acres. Given the current supply of vacant sites, there is an immediate need for five additional parcels totaling 49.8 acres, which includes two 20-acre sites for large users.

### Locational Considerations

Silverton's existing industrial park has been successful at providing industrial sites for a diverse range of users as is indicated by the small amount of remaining, unconstrained land. As the number of available sites within the park diminishes, additional development sites will need to be found. Likely opportunities for expansion of industrial areas are on the west side of Silverton, as any eastside location would be constrained by slopes and neighborhood conflicts. Expansions of the UGB for industrial purposes would need to follow a site selection process, but should address important industrial siting criteria such as providing good access to arterials and highways and having flat, easily-developable land.

Figure 3 shows land at the northwest edge of Silverton, where a UGB expansion could take place subject to a more detailed site selection analysis.

**FIGURE 3. AERIAL MAP OF POTENTIAL INDUSTRIAL EXPANSION AREA (WITH OWNERSHIP AND ACREAGES)**



Source: Otak, Inc.

## ***Policy Recommendations***

In addition to providing urgently needed industrial land, Silverton should pursue the following actions to further support industrial business development.

- **UGB Expansion:** Silverton has a clear shortage of industrial land and will need new land to provide a 20-year supply. This EOA estimates a gross 20-year deficit of 83.8 acres of industrial land. This estimate should be the basis for a UGB expansion in the area near the old airport to serve future industrial employment needs for the community. This EOA is an important first step to that effort, but it will need to be followed by various technical studies, comprehensive plan updates, and State applications.
- **Wetlands Mitigation:** Silverton should support the preparation of a wetlands mitigation plan for the constrained areas of the Silverton Industrial Park (and future areas brought into the UGB, when applicable). Until such a plan is in place, it cannot be known how much development is possible on the constrained parcels, if any. With public support, a study could clarify what actions (mitigation, relocation, analysis, etc.) are necessary to prepare those sites for development. Since any UGB expansion elsewhere could take years to implement and prepare for development, removing or mitigating the constraints in the existing industrial park could be Silverton's best chance to meet the short-term demand for industrial land.

In addition to the wetlands analysis at the Silverton Industrial Park, potential UGB expansion areas need to be analyzed for environmental constraints prior to moving forward with expansion plans. The City should undertake such studies to better understand the feasibility of expansion in target areas.

- **Marketing:** To attract businesses from outside the city and to encourage existing businesses to expand locally, Silverton should implement a business marketing and retention program that advertises the benefits of doing business in the community and the overall attractiveness of locating there. As new industrial sites are made available, the marketing program should be used to help private developers attract users and tenants.
- **Infrastructure Investments:** Silverton industries face supply and capacity constraints for natural gas and sewers. Such constraints could inhibit the growth of energy or water-intensive industries. Public investment in infrastructure improvements through tax increment financing or other mechanisms would help remove these barriers and broaden the potential pool of employers.
- **Market Competitive Site Choices:** When industrial sites are only available in one project or certain site categories are controlled by a single property owner, the industrial land market is not competitive. By ensuring that for each site category there is a choice of site locations and a diversity of ownerships, Silverton can provide an industrial land market where prices are not artificially inflated by scarcity. Thus, the City should adopt a policy that encourages a diversity of ownership and location for each site category in order to maximize choice and competitiveness.

- Industrial Zoning Preservation: Comprehensive plan and zoning plan policies should protect vacant industrial property from being used for non-industrial uses. In order to maintain 20-acre to attract large users, policies should be in place that prevent subdividing those sites. Indeed, such a policy will likely be a condition for including those sites in a UGB expansion.
- Development Expediting: Industrial users, more so than for many other development types, make location decisions with time frames from site selection to opening as short as six months. Therefore, being able to quickly respond to opportunities and speed up the development process can increase Silverton's chances of attracting industrial companies. A package of expedited permitting, fee waivers, or other incentives should be considered.

## Conclusion

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Silverton is one of the fastest growing cities in the Willamette Valley. Its proximity to Salem as well as the natural amenities of the Cascade foothills has helped spur significant housing growth. Drawing on this track record, the City has committed to making Silverton a strong place for industrial employment that provides a diversity of job types for Silverton residents and an attractive locale for businesses.

This EOA has demonstrated that Silverton faces a significant shortage of industrial land today, but has an opportunity to see significant growth in this sector over the next 20 years. Projections of future employment and industry demand indicate that Silverton needs an increase of 83.8 gross industrial acres to accommodate future industrial employment growth and to help attract outside companies to the area. With this increase in industrial land supply, coupled with public policies and a marketing campaign to attract businesses, Silverton can achieve its vision as a first-class community that provides not only attractive neighborhoods for Salem commuters, but also its own strong and diverse employment base.

In order to have land available and ready for development to accommodate the projected growth, Silverton will need to expand its UGB. A UGB expansion should be in a location that provides good access to State highways and truck routes, preferably near other industrial users. An expansion of approximately 83.8 acres would provide for an adequate range of sites to serve a variety of small and medium users while also providing large sites to attract large manufacturers.

Coupled with a UGB expansion, Silverton should implement a comprehensive economic development strategy that further strengthens its opportunity to capture industrial employment through marketing, infrastructure improvements, removing environmental barriers, and development expediting. With these tools in place, Silverton should be well positioned to achieve its vision as a competitive industrial player in the greater Willamette Valley.