



# Oregon

Tina Kotek, Governor

Department of Land Conservation and Development

Community Services Division

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2540

Phone: 503-373-0050

Fax: 503-378-5518

[www.oregon.gov/LCD](http://www.oregon.gov/LCD)

Date: April 24, 2024

To: Goal 9 Target Industries Approach Rulemaking Advisory Committee



From: Gordon Howard, Community Services Division Manager  
Leigh McIlvaine, Economic Development Specialist

Re: Materials for May 2, 2024 Meeting

Dear Rulemaking Advisory Committee Members,

Thank you for your continued participation in the Goal 9 Target Industries Approach rulemaking process. The second meeting of the Rulemaking Advisory Committee (RAC) will be held over Zoom on Thursday, May 2<sup>nd</sup>, 2024 from 9:00am – 12:00pm. All RAC members have received an invitation to the Zoom meeting. We invite everyone else to watch via the livestream on DLCD's YouTube channel. This link is published on the agenda and on the project webpage at: <https://www.oregon.gov/lcd/LAR/Pages/Goal9Target.aspx>.

Attached, please find the meeting agenda and other materials for RAC members. Please make your best effort to review materials prior to each meeting. Our second meeting will be focused on discussion of key questions provided to the RAC during its first meeting in March. These questions are again included in your meeting packet for reference. The department has drafted minor updates to the proposed rule amendment based on earlier discussion and feedback received from RAC members. This is the most important attachment to review in advance of the RAC meeting.

Staff has also included a table summarizing how the target industries approach has been applied in several economic opportunities analyses (EOA). Although these EOAs are too large to distribute as attachments to the RAC, members may view them on the Goal 9 Rulemaking project page, where they are linked under "Example Target Industries Approach EOAs": <https://www.oregon.gov/lcd/LAR/Pages/Goal9Target.aspx>. This is a significant amount of material that the department has provided in response to requests by several RAC members, but staff do not expect that all participants will have time to review each EOA in depth.

Thank you again for your support in this important effort. We look forward to convening again on May 2<sup>nd</sup>.

Attachments: Packet Contents

1. Meeting Agenda
2. March 21, 2024 Meeting Minutes
3. Key Questions/Issues for RAC Consideration
4. Updated Tentative Rule Language for Committee Consideration
5. RAC Member Comments:
  - a. Farmland First
  - b. City of Hillsboro
  - c. Stu Peterson/Macadam Forbes
6. Example Target Industries Approach EOA Summary Table



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## Goal 9 Target Industries Approach Rulemaking Advisory Committee

### Meeting Agenda

May 2, 2024

9:00am – 12:00pm (noon)



This meeting will be livestreamed at the Department of Land Conservation and Development (DLCD) YouTube page: <https://youtube.com/@OregonDLCD>. After the meeting, the recording link and other materials will be posted to DLCD's Rulemaking page here on <https://www.oregon.gov/lcd/LAR/Pages/Goal9Target.aspx>. To share written public comment with staff and the members of the Rulemaking Advisory Committee (RAC), please submit written comments to [Casaria.taylor@dlcd.oregon.gov](mailto:Casaria.taylor@dlcd.oregon.gov).

This meeting will be hosted online. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Casaria Taylor at (971) 600-7699, [Casaria.taylor@dlcd.oregon.gov](mailto:Casaria.taylor@dlcd.oregon.gov), or by TTY: Oregon Relay Services (800) 735-2900. Thank you!

- 9:00 – 9:15      Agenda Review, Packet Overview
- 9:15 – 9:45      Review of Example EOAs
- 9:45 – 10:15    Review of Updated Draft Rule
- 10:15 – 10:30    Break
- 10:30 – 11:45    Discussion of Key Questions/Issues
- 11:45 – 12:00    Instructions/Next Steps for RAC

**Goal 9 Target Industries Approach  
Rulemaking Advisory Committee**

**Meeting Minutes**

**March 21, 2024**

**9:00am – 12:00pm (noon)**

Attendance:

Gordon Howard, DLCD	Larry Holzgang, Business Oregon
Commissioner Ellen Porter, LCDC RAC Liaison	David L. Reid, Chamber of Commerce
Leigh McIlvaine, DLCD	Bryan Pohl, City of Forest Grove
Casaria Taylor, DLCD	Caroline Ervine, City of Prineville
Alexis Hammer, DLCD	Allie Camp, City of Springfield
Bill Reid, City of North Plains	Anthony Riederer, City of Hillsboro
Mathew Craigie, Washington County	Jay Blake, Clatsop County
Jaclyn Disney, OCWCOG	McRae Carmichael, Mid-Willamette Valley COG
Denise Stilwell, SCOEDD	Heather King, Environmental/Climate Advocacy
Jerry Johnson, Johnson Economics	Ryan Schera, Industrial Developer
Nellie McAdams, Farm Bureau/Agricultural	Fredericka Banks, Low Income Advocacy
Brett Morgan, Land Use Advocacy	Dave Hunnicutt, Property Rights Advocate
Ted Reid, Metro Regional Government	Beth Goodman, Real Estate/Consulting Firm
Andrea Klaas, Port of The Dalles	

**Introductions**

DLCD staff introduced the purpose of the Goal 9 Target Industries Approach Rulemaking, to clarify rules regarding economic development and implementing statewide planning goal 9. Staff noted that Commissioner Ellen Porter will serve on the RAC as liaison to the Land Conservation and Development Commission.

RAC Members introduced themselves, the organizations with which they are affiliated or interest that they are representing to the committee, and described what they hope to achieve through the rulemaking.

DLCD staff noted accessibility accommodations that would be made during each meeting of the committee to allow for participation by blind and visually impaired RAC members.

**RAC Orientation**

DLCD staff reviewed key points of public meetings law relevant to participation on a rulemaking advisory committee. RAC members were reminded that all meetings are streamed and recorded, and that communication between committee members on the subject of this rulemaking should only be conducted by emailing the department and requesting that comments be distributed to the entire committee.

Staff reviewed the committee charter, which states that the purpose of the rulemaking is to clarify the appropriate use of the target industries approach in local economic opportunities analyses. Committee members were offered an opportunity to amend or add to the group charter, but no suggestions were made.

DLCD staff noted that this rulemaking has come about because of specific issues related to the City of North Plains EOA, and that the city is represented on the RAC. Staff made clear to the RAC that the purpose of its work was not to re-examine or re-litigate North Plain's approach, but rather to look forward to future uses of the Target Industries Approach in urban growth boundary expansions. Staff acknowledged there is controversy in Washington County over this and related issues, but encouraged RAC members to focus on how rule amendments will be implemented in the future.

Staff reviewed the timeline for this rulemaking, outlining the intended purposes of each of the three known RAC meetings scheduled for spring and summer of 2024. Staff noted that there is possibility of a fourth RAC meeting in October, pending guidance from the commission.

Staff reviewed the rulemaking charge included in the meeting packet and approved by the commission in January. Staff emphasized that the charge directs the RAC to not consider issues of how cities forecast local employment growth and acknowledged that the Land Use Board of Appeals has recently ruled on this issue. Staff summarized that the work of the RAC would focus on identifying land need through an EOA.

A committee member asked for additional background information and questioned how we got to this point and what is the impetus for the rulemaking.

Staff responded that we will provide an overview of the Target Industries Approach in the context of employment lands planning after the break, but noted that this is an approach that is very commonly used to forecast land demand through an economic opportunities analysis, but it's not well-defined. There have been some applications of this approach in recent economic opportunities analyses, and have resulted in quite a bit of disagreement and confusion over what is an appropriate application and how the Target Industries Approach can be usefully and judiciously applied.

A committee member responded that they use this method and shared that from a practitioners' perspective, there are a lot of assumptions about future growth some of them are based on existing conditions and the approach can be used as a basis for doing something different in the future. The target industries approach helps to answer the question of how economic development in the future will be different from the past.

A committee member asked if materials in the packet identifying site requirements would be used to justify land needs according the rulemaking charge. Staff responded that it is one possible example of the type of resource that could be included in an EOA, and invited further questions on

packet contents. A committee member noted that the chart included in the packet is helpful and revealing in terms of potential methodology for the Target Industries Approach.

### **Issue Background**

Staff acknowledged that the committee includes experienced planners and other members to which this is a new topic, so would be providing a high level overview of Statewide Land Use Planning Goal 9. This goal directs communities to provide adequate opportunities for a variety of economic activities vital to the health welfare and prosperity of Oregonians.

Staff continued that statewide land use planning goal 9 requires that local comprehensive plans and policies shall contribute to a stable and healthy economy. The statutory language that establishes the foundation for goal line describes some of the specific requirements for comprehensive plans related to economic development as well as framing up the process for providing an adequate supply of employment lands to accommodate economic opportunities.

Staff explained that employment land is land zoned for industrial or commercial use. And identified that an EOA is the method of analysis used by local governments to evaluate employment land needs over a 20 year planning horizon. Staff pointed to OAR 660-009-0015 as providing a process for conducting an EOA, but noted that the rule is not prescriptive in how an EOA must be organized or conducted. The results of an EOA is a determination of the sufficiency of a jurisdiction's employment land supply to accommodate economic opportunities.

Staff explained the required components of an EOA, including evaluating economic trends and expected job growth, noting that there are safe harbors for job growth forecasts but most cities do not rely on them. There are several methods to translate economic forecasts to land need, but there is not a specific process that a city must use to convert job growth to a quantity of acres of employment land.

Staff noted that employment density based on land quantity or use type are common methodologies, and that the use of the Target Industries Approach is a method of expert consultation to be included in an EOA.

Staff explained that many cities use a combination of approaches applying some analysis of job density by industry, but also considering the site needs of desirable industries to determine the nature of their total land need. Staff summarized the Target Industries approach to state that it asserts land demand based on the site needs of a particular industry or business. It is often focused on site size, and it is normally included as a justification for an urban growth boundary expansion. Staff stated that cities often apply this approach for particularly land consumptive uses, including large manufacturing facilities, warehousing and distribution centers or data centers.

Staff emphasized that identifying the site requirements of industries targeted for growth is an appropriate and important consideration in an EOA, but that it would not be feasible for all expected growth in all industries.

DLCD staff reviewed legal precedent related to the use of the Target Industries Approach, citing a Court of Appeals case involving the city of Woodburn's EOA, noting that this is a generally accepted

method of analysis. The city adopted a target industry's approach to the type of businesses it wanted to bring to the city. Staff described some of the industries that were identified as holding potential for growth in the city's EOA.

Staff summarized that the parties who were arguing against the UGB expansion based on the economic opportunities analysis "acknowledged the legitimacy of a targeted industry's approach to economic development because there is nothing inherent in that approach that requires exceeding the 20 year land supply." LCDC, 1,000 friends of Oregon and Friends of Marion County all agreed that the target industry's approach was a legitimate and accepted a way to structure a city economic opportunities analysis.

Staff invited questions from committee members about the background on this issue.

A committee member asked for clarification about how the North Plains EOA used the Target Industries Approach. Staff responded that without trying to point to North Plains, some of the key questions that we're hoping to consider here are things like how closely does a target industry need to be defined? Does using the target industries approach have a connection to expected employment growth in any way? How much can a target industry be applied over the total land need of a community?

A committee member posed a question about the relationship between target industries and employees per acre and how a city arrives at a decision that an industry is going to be a target industries, noting that those industries to have employees per acre information. Staff responded that this is a key issue we'll be considering and invited others to weigh in.

A committee member noted that an important question is what kinds of sites are needed by target industries; staff noted that the rulemaking charge directs the RAC to consider this, including appropriate justifications for site needs.

A committee member asked if the existing target approach focuses only on the primary industry or does it also factor in the accessory and supportive, noting the scale of supply chains for the semiconductor manufacturing industry in particular. The supply chain is regional, spanning multiple counties, but that proximity is important. The committee member asked if acreage for supply chain would be considered as well.

Staff responded that the RAC should examine this question because it is an undefined area of how the targeted industries approach should be applied.

A committee member asked if accessibility aspects of the business and environmental issues should be included in the land usage for target industries and requested clarification on employment density. Staff responded that employees per acre is a measurement of how much land is needed to accommodate a certain number of workers in specific industries. Staff also noted that some other concerns identified by the committee member are matters of local concern and outside the rulemaking charge.

A committee member expressed gratitude for the big picture thinking, noting that economic development is for the health of communities, including accessibility, environment, emissions, and

building design. They also noted that infill, increased productivity on existing footprints, and remote working all influence land need and might not be reflected in employment density.

Committee members experienced in developing EOAs were invited to respond by staff and identified a number of community priorities, methods, and trends related to employment land supply and demand. A RAC member noted that target industries are approved by advisory committees and carefully considered in the context of supply chains, regional markets, workforce characteristics, and site and community characteristics.

A committee member discussed how an analysis might consider current economic trends and consumer behaviors, including working from home, commute sheds, and job quality and attainability by segments of workers. Consumer preference and commercial land needs are changing and that needs to be included in a 20 year planning horizon, but it is difficult to forecast.

A committee member noted that Business Oregon has been working on developing estimates for employment density but that they evolve and may not hold true in the future. They noted that a company they work with is doubling production with automation and capital investment, but will not be adding any jobs. So employment density may not prove accurate, especially considering automation, work from home, and AI trends. Staff inquired if the business is expanding its physical footprint? It would add buildings and equipment.

A committee member responded that their organization formerly would focus on job quantity but is now more concerned about job quality, and fewer jobs, in the businesses they recruit to the Gorge. The member noted that housing challenges are being experienced across the state. Capital investment is really important because we're all relying on property tax or the Port and the state relying on property tax. How do we make the best use of property that is available?

A committee member inquired whether the conversation was exceeding the charge, and whether we were correctly focusing on the Target Industries Approach or all EOAs. Staff responded that the conversation was expanding but would refocus on target industries, but the issue of job quality is germane, as is property tax revenues for "bedroom" communities.

A committee member asserted that we should also be considering more accessible jobs that are available to all workers, including lower skill jobs. Another committee member agreed, elaborating that target industries must be a good match for the labor force, questioning whether college degree requirements are equivalent to job quality. The focus should be helping the community find employment.

Committee members agreed, noting that the focus should be on what your community can accommodate, that they should consider the whole package of an industry or employer. Getting hung up on the number of jobs is unhelpful minutiae. Job density can vary by community.

A committee member observed that over 90% of housing need is low to moderate income Oregonians and with continued focus on housing production, we should consider how the needs of the labor force are related to that initiative. Displacement is happening in every community across Oregon and it's important that people can stay in place can continue to work in their communities.



Staff affirmed that industrial uses such as a warehousing and distribution center is a common application of the Target Industries Approach, so this is not always for high wage, high skill jobs. It is often for accessible job creation.

A committee member noted that quality job creation and accessibility are important, but that there are key elements around environmental impact, sustainability, renewable energy sources, and transit should be considered as important elements of target industries.

Staff replied that local governments can include such provisions in their consideration of appropriate target industries.

A committee member noted that what we plan for today can often result in higher job growth than expected, citing the example of data center growth in Prineville now including 10 or 11 buildings and several hundred employees.

A committee member inquired about the process for how a city welcomes new industry that hasn't already been present, including comparing current job mix with realistic future jobs and residents in the community. People don't always work with they live or live or they work, so how is regional commuting and job share factored in.

A committee member responded that good rules for the target industries approach incredibly important, particularly for smaller cities like North Plains or on the fringe of a larger urban area or larger city. North plains has seen a lot of housing population growth because it's close and an easy commute, but is still a small rural community and is challenged by spurring a local economy that would pay for its services and how to pay for its infrastructure. The target industries approach is a way to accomplish that.

Forecasting is difficult because the past has been challenging. New or nearby growing industries might be a good fit for continued growth to happen in your own community, but they are also difficult to forecast. So a target industry's approach is a great for a city or cities in those situations. For a lot of cities out there, this rulemaking process I think is going to be very consequential. It's a positive tool, North Plains is looking forward to seeing rules or guidance on how to do this better.

Staff noted that Division 9 rules ask cities to consider the share of jobs expected in the region that they can expect to capture, and cities take varying approaches to that, but there is no prescribed methodology.

A committee member noted that from Metro's regional planning perspective, having jobs and housing balance is important, but people do tend to work and live in different cities. Aspiration is important, but regional planning is critical to ensure not every city is planning for extraordinary job growth in the regional economy.

A committee member shared that in Clatsop county, there are 2 economies that we focus on. One we have what I call the sand economy, the play economy, and we have the working economy, the river economy, and that there are different concerns based on which part of the county you are located in. The target industries approach would be appealing to the working areas of the community.

A committee member agreed, adding that local economies can be volatile, and big changes such as the decision on state forestry will require that communities be allowed flexibility. Cities shouldn't be boxed in and should be allowed ease of changes to long term plans.

A committee member noted that not everyone lives in the community where they work, and that residential growth doesn't pay for itself. Bedroom communities need places of employment, and tools to make livable communities and attract industries and jobs. The tax base that comes with those things is critical for smaller towns on the edge of the metro area.

A committee member questioned whether North Plains is developing its city with transit accessibility for differently abled people, and to bring consumers into stores without traffic and noted that people with disabilities are forced into urban areas for accessibility reasons. But that accessibility features make good livable environments for all people.

A committee member from North Plains responded that the city is working with ODOT through a grant with DLCD to plan the area of the urban growth boundary expansion, with community input on accessibility. But that the city isn't big enough to be served by transit. More residents would allow the city to participate in Trimet rather than the 1-2 times a day route that connects the city to Hillsboro and Tillamook.

Staff noted that accessibility features in North Plains UGB expansion are not included in the rulemaking charge, and that the committee should not single out North Plains.

A committee member from North Plains responded that the city council is supportive of accessibility improvements throughout the city and has funded them through a new local tax and that there is a lot of current sidewalk construction.

A committee member asked to learn more about the order of how planning versus the EOA development is instituted, asking what happens after the EOA is approved. In Metro, there might be one methodology for how that happens and whether a comprehensive plan is updated and then growth is based on that, and how transportation and waste water infrastructure occur can inform the EOA.

### **Review of Key Questions/Issues**

Staff turned the discussion to key questions, requesting input from the committee on six issue areas, noting that these questions would be the focus of the second RAC meeting. RAC members may submit written comments for inclusion in the next meeting packet, or send information to DLCD for distribution to the committee. RAC members were invited to add additional key questions within the rulemaking charge.

A committee member asked if the rulemaking should address the accountability of the EOA after it is used to justify a UGB expansion, and if there are tools to ensure outcomes related to the employment land need, especially if the target industry doesn't materialize and a different development pattern occurs. Farmlands are not idle economic lands, they are productive and valuable to society. The lens of evaluation should consider the trade-off.

Staff responded that the rulemaking charge appears to direct the committee to consider this issue in its direction around site protections.

A committee member asked if staff are looking for different suggestions on how to define a target industry not related to NAICS subsectors.

Staff responded that the definition added to the draft rule amendment is for the committee's consideration and that staff saw this as a beginning point for the target industries approach, and provided an overview of the NAICS system, noting that it is used by the Oregon Employment Department in forecasting methodologies.

A committee member returned to the topic of site preservation, citing the central Oregon regional large program and a ten year timeline for industrial development including restrictions of subdividing lots as a good starting point. If a community has an opportunity to attract a large employer in a different target industry in eight years, is there a good reason to keep the community bound to its original target industry?

Staff responded that rule amendments should not prevent economic opportunity, but do need to consider that employment land can be converted to residential use and protect it from that.

A committee member shared concern that a flexible target industries approach might result in more expedient development for data centers if a community is not careful, and that results in lesser economic activity. How would site preservation work with a large array of potential industries?

A committee member stated that a 20 year forecast will always be wrong by some measure of degree because industry compositions and other things change. Flexibility could mean flexibility of industry use type, or allow for subdivisions through provisions in code that would be within limited land use categories. We should recognize there is a lot we don't know about the future and we cannot force a level of precision. That's why reevaluating every 7 or 8 years is important.

A committee member agreed that flexibility is important because sometimes a target industry doesn't show up, so cities should be able to adjust for a different employer type. The city needs to finance infrastructure, and employers won't show up until the site is served or close to being served, especially for a larger site. There are many reasons that things might not materialize and cities need appropriate tools to deal with change, but not for a completely contrary use. The committee member endorsed the idea of consultation with Business Oregon as a part of the target industries approach as a practical strategy and a connection to infrastructure funding. This should be formalized within the process.

A committee member noted that from the perspective of property owners, economic trends can vary greatly over a twenty year period. The RAC should be cautious on site preservation requirements that are too inflexible to allow new interpretation that would provide jobs to the community and turn the land into a real asset.

A committee member agreed, stating that within an industrial zone classification or an employment zone classification, companies would like a great deal of flexibility. Strong protections are warranted to prevent the site from changing to residential or commercial. Solar farms are allowed

on industrial land, but that isn't a good use for sites served by water and sewer and that's not a return on investment in infrastructure.

A committee member suggested that a system of criteria defining the expected benefits of a target industry site might be a useful way to frame site preservation and flexibility. Allowing a change in industry use type might be acceptable if the uses have the same types of benefits. However, protection of large sites should probably be its own discussion outside of the criteria suggestion. We perennially hear about the need for large sites. Once you start carving those up, they're gone. Possible criteria might include numbers of jobs, salaries, etc.

A committee member expressed support for flexibility over a 20 year planning period, noting the purpose of the RAC is to determine the extent and parameters of that flexibility. They requested more information about flexibilities of other EOA methodologies.

A committee member advocated for approaching this topic from the perspective of community quality for all people and for people with disabilities, noting that environmental impact is important.

A committee member suggested that when there is lack of flexibility, it forces a property owner to be a long term landholder, forcing them to carry the cost of providing a land bank for a specific industry. For private property owners, this can be a hardship.

A committee member agreed, noting that you can't protect it forever, otherwise you'll be saying no to other industries, and run out of smaller sites. Flexibility to break up a large site at a certain point would be desirable, as long as there is a methodology or a process to allow it.

A committee member asked if a land intensive industry be proposed without strong evidence that it would be arriving in the area, then subsequently the land would be divided? A rigorous factual evidence that the industry can reasonably be expected would help prevent that.

### **Introduction of rule draft for committee consideration**

Staff shared the rule amendment, noting that its initial approach to the question of how to integrate the overall approach into Division 9 was a mix of its own definition but integrated into the remainder of the rule, so it is referenced throughout.

Staff reviewed the proposed definition of a target industry, limiting it to a 3-digit NAICS subsector. Staff noted that this doesn't speak to flexibility of how a target industry might be designated or changed over the range of a plan, but does exclude broader uses such as "industry" or "real estate development".

Staff covered additions to OAR 660-009-0015, EOAs, including a phrase identifying that target industries should be evaluated in addition to job capture. Staff identified a change to the section addressing site identification, noting that the proposed language change, while applicable to all EOAs, has a practical affect only on target industry approach EOAs.

Staff pointed out changes to 660-009-0025, where site designation has been proposed to be broken up into two distinct approaches, either based on employment growth or target industries sites.

Business Oregon resources were identified as a possible justification for asserting specific site needs; the Department of Justice may weigh in on the feasibility of this approach soon.

Staff pointed to the additional subsection addressing target industries in section 25 sub 9, which mirrors the language from special sighting characteristics, which would require that cities designate and preserve target industries sites.

A committee member supported the use of 3-digit NAICS code for defining a target industry, but questioned whether this is only for industrial use or includes commercial uses.

Staff expressed that we should discuss commercial use as a target industry during the next meeting.

A committee member expressed support for the direction the draft rule was headed, noting that it seems practical, can be implemented, and probably has some room for refinement. They noted that more information is helpful, and requested a frequency of update on the Mackenzie Site Requirements matrix from Business Oregon. Could BizOR report every 2 years, about the types of businesses and industries they are receiving interest from, and the sites and employment characteristics they bring at a broader industry scale?

A committee member expressed support for the general direction, including the 3 digit level specificity of NAICS, but noted that some categories may be overly specific, so would that prevent local jurisdictions from developing a property with an adjacent similar use? Computer and electronic manufacturing versus electrical equipment manufacturing are very similar, how can we be specific but not lock a community into a specific use?

Staff noted that there would not necessarily be anything preventing a city from identifying multiple 3 digit target industries.

A committee member stated that a 3 digit classification is would probably be problematic because it's too narrow and suggested that a 2 digit classification would be better, expressing that anything in the scope of manufacturing is desirable and it is not right to force property owners to carry the cost of long term land holding. And this is punitive for particular types of property owners.

A committee member shared that the Port of the Dalles targeted wood products and metals manufacturing, but never saw business growth in those sectors. Google instead located there, and that was a positive outcome for the region. The region also encompasses parts of Washington state, so there is some question for whether we are only looking at the state boundary for economic projections.

A committee member expressed concern over the level of NAICS detail, identifying that there are clusters of industries that include supply chain manufacturing, and that's not easy to identify in a 2 or 3 digit level of detail. How do industry clusters fit into this framework?

Staff responded that nothing in the proposed rule amendments as currently drafted states that all potential aspirational economic growth needs to needs to have its land supplied through a target industry approach, and that there are multiple ways that cities already aspirationally forecast their

land need. But when we're talking about deviating from that process for a large employer or a particularly significant site we can make an attempt to try to clarify what types of industries we should be thinking about under this particular approach to assessing future land demand.

### **Next Steps**

Staff request that RAC members identify additional key questions/issues and consult with the organization you represent or the interested party that you are affiliated with on these questions.

Staff request that if committee members would like responses included in meeting packets, they should be submitted to Casaria Taylor by April 16<sup>th</sup>, and to respond to the Doodle poll scheduling the next meeting.

A committee member requested some EOAs that have used a target industries approach as an example to be distributed to the RAC. Staff agreed.

Staff advised the RAC to look for a meeting link, Powerpoint deck, and doodle poll in an email that week.

Staff thanked the committee for their time.



## Goal 9 Target Industries Approach

### Key Questions & Issues for Committee Consideration

1. How should a “Target Industry” be defined in OAR?
2. Consider potential applications of the Target Industries Approach – are there instances in which this should or should not be used? What are they? How should rule amendments reflect those situations?
3. Should we structure amendments describing the Target Industries Approach as a “carve-out” special process in OAR 660-009, or would it be preferable to integrate the approach into the overall EOA and required Division 9 policies and measures?
4. How should the rule address the relationship between expected employment growth and land need asserted using the Target Industries Approach?
5. How can cities provide justification for target industry site needs identified through this approach?
6. How should rules address site preservation or protection for use by target industries?

**Goal 9 Target Industries Approach Rulemaking Advisory Committee**  
**Draft Tentative Rule Language for Committee Consideration**

*Updated April 24, 2024*

Please see comments located on right side of document.

[Chapter 660](#)

Division 9  
ECONOMIC DEVELOPMENT

[660-009-0000](#)

**Intent and Purpose**

The intent of the Land Conservation and Development Commission is to provide an adequate land supply for economic development and employment growth in Oregon. The intent of this division is to link planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state. The purpose of this division is to implement Goal 9, Economy of the State (OAR 660-015-0000(9)), and ORS 197.712(2)(a) to (d). This division responds to legislative direction to assure that comprehensive plans and land use regulations are updated to provide adequate opportunities for a variety of economic activities throughout the state (ORS 197.712(1)) and to assure that comprehensive plans are based on information about state and national economic trends (ORS 197.717(2)).

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86

[660-009-0005](#)

**Definitions**

For purposes of this division, the definitions in ORS chapter 197 and the statewide planning goals apply, unless the context requires otherwise. In addition, the following definitions apply:

(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.



(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(3) "Industrial Use" means employment activities generating income from the production, handling or distribution of goods. Industrial uses include, but are not limited to: manufacturing; assembly; fabrication; processing; storage; logistics; warehousing; importation; distribution and transshipment; and research and development. Industrial uses may have unique land, infrastructure, energy, and transportation requirements. Industrial uses may have external impacts on surrounding uses and may cluster in traditional or new industrial areas where they are segregated from other non-industrial activities.

(4) "Locational Factors" means market factors that affect where a particular type of industrial or other employment use will locate. Locational factors include, but are not limited to, proximity to raw materials, supplies, labor, services, markets, or educational institutions; access to transportation and freight facilities such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes; and workforce factors (e.g., skill level, education, age distribution).

(5) "Metropolitan Planning Organization (MPO)" means an organization designated by the Governor to coordinate transportation planning on urban land of the state including such designations made subsequent to the adoption of this division. The Longview-Kelso-Rainier MPO is not considered an MPO for the purposes of this division. Cities with less than 2,500 population are not considered part of an MPO for purposes of this division.

(6) "Other Employment Use" means all non-industrial employment activities including the widest range of retail, wholesale, service, non-profit, business headquarters, administrative and governmental employment activities that are accommodated in retail, office and flexible building types. Other employment uses also include employment activities of an entity or organization that serves the medical, educational, social service, recreation and security needs of the community typically in large buildings or multi-building campuses.

(7) "Planning Area" means the area within an existing or proposed urban growth boundary. Cities and counties with urban growth management agreements must address the urban land governed by their respective plans as specified in the urban growth management agreement for the affected area.

(8) "Prime Industrial Land" means land suited for traded-sector industries as well as other industrial uses providing support to traded-sector industries. Prime industrial lands possess site characteristics that are difficult or impossible to replicate in the planning area or region. Prime industrial lands have necessary access to transportation and

freight infrastructure, including, but not limited to, rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes. Traded-sector has the meaning provided in ORS 285B.280.

(9) "Serviceable" means the city or county has determined that public facilities and transportation facilities, as defined by OAR 660, divisions 011 and 012, currently have adequate capacity for development planned in the service area where the site is located or can be upgraded to have adequate capacity within the 20-year planning period.

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

**(13) "Target Industry" means an economic subsector defined by the 2022 U.S. Census Bureau Economic Census through the North American Industry Classification System using a 3-digit code or more specific industry classification.**

**Commented [ML\*D1]:** This definition will require updating every five years when the Economic Census is published.

~~(13)~~ **(14)** "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

~~(14)~~ **(15)** "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86

**660-009-0010**

**Application**

(1) This division applies to comprehensive plans for areas within urban growth boundaries. This division does not require or restrict planning for industrial and other employment uses outside urban growth boundaries. Cities and counties subject to this division must adopt plan and ordinance amendments necessary to comply with this division.

(2) Comprehensive plans and land use regulations must be reviewed and amended as necessary to comply with this division as amended at the time of each periodic review of the plan pursuant to ORS 197.712(3). Jurisdictions that have received a periodic review notice from the Department (pursuant to OAR 660-025-0050) prior to the effective date of amendments to this division must comply with such amendments at their next periodic review unless otherwise directed by the Commission.

(3) Cities and counties may rely on their existing plans to meet the requirements of this division if they conclude:

(a) There are not significant changes in economic development opportunities (e.g., a need for sites not presently provided for in the plan) based on a review of new information about national, state, regional, county and local trends; and

(b) That existing inventories, policies, and implementing measures meet the requirements in OAR 660-009-0015 to 660-009-0030.

(4) For a post-acknowledgement plan amendment under OAR chapter 660, division 18, that changes the plan designation of land in excess of two acres within an existing urban growth boundary from an industrial use designation to a non-industrial use designation, or an other employment use designation to any other use designation, a city or county must address all applicable planning requirements, and:

(a) Demonstrate that the proposed amendment is consistent with its most recent economic opportunities analysis and the parts of its acknowledged comprehensive plan which address the requirements of this division; or

(b) Amend its comprehensive plan to incorporate the proposed amendment, consistent with the requirements of this division; or

(c) Adopt a combination of the above, consistent with the requirements of this division.

(5) The effort necessary to comply with OAR 660-009-0015 through 660-009-0030 will vary depending upon the size of the jurisdiction, the detail of previous economic development planning efforts, and the extent of new information on national, state, regional, county, and local economic trends. A jurisdiction's planning effort is adequate if it uses the best available or readily collectable information to respond to the requirements of this division.

(6) The amendments to this division are effective January 1, ~~2007~~ 2025. A city or county may voluntarily follow adopted amendments to this division prior to the effective date of the adopted amendments.

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDD 4-2001, f. & cert. ef. 10-2-01

LCDC 4-1986, f. & ef. 10-10-86

**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 **and target industries** 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. **The economic opportunities analysis must demonstrate how expected employment growth is expected to be accommodated on the identified sites.**

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).

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86

**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.

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86

**660-009-0025**

**Designation of Lands for Industrial and Other Employment Uses**

Cities and counties must adopt measures adequate to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementing measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans.

(1) Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. ~~Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas.~~ Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.

**(a) Plans relying on safe harbor employment growth forecasts do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas.**

**(b) Plans may include sites for one or more target industries. Associated target industries with similar site needs may be combined for site identification. Target industry site requirements must be typical of industry site characteristics. Plans including target industry site needs should demonstrate consistency with Oregon Business Development Department guidance regarding site requirements. Sites identified through the target industries approach may not be planned for retail development.**

**Commented [ML\*D2]:** Changes to this section on site identification allow multiple target industries, clustering of associated target industries, and exclude retail from this method.

(2) Total Land Supply. Plans must designate serviceable land suitable to meet the site needs identified in section (1) of this rule. Except as provided for in section (5) of this rule, the total acreage of land designated must at least equal the total projected land needs for each industrial or other employment use category identified in the plan during the 20-year planning period.

(3) Short-Term Supply of Land. Plans for cities and counties within a Metropolitan Planning Organization or cities and counties that adopt policies relating to the short-term supply of land must designate suitable land to respond to economic development opportunities as they arise. Cities and counties may maintain the short-term supply of land according to the strategies adopted pursuant to OAR 660-009-0020(2).

(a) Except as provided for in subsections (b) and (c), cities and counties subject to this section 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.

(b) Affected cities and counties that are unable to achieve the target in subsection (a) above may set an alternative target based on their economic opportunities analysis.



(c) A planning area with 10 percent or more of the total land supply enrolled in Oregon's industrial site certification program pursuant to ORS 284.565 satisfies the requirements of this section.

(4) If cities and counties are required to prepare a public facility plan or transportation system plan by OAR chapter 660, division 011 or division 012, the city or county must complete subsections (a) to (c) of this section at the time of periodic review. Requirements of this rule apply only to city and county decisions made at the time of periodic review. Subsequent implementation of or amendments to the comprehensive plan or the public facility plan that change the supply of serviceable land are not subject to the requirements of this section. Cities and counties must:

(a) Identify serviceable industrial and other employment sites. The affected city or county in consultation with the local service provider, if applicable, must make decisions about whether a site is serviceable. Cities and counties are encouraged to develop specific criteria for deciding whether or not a site is serviceable. Cities and counties are strongly encouraged to also consider whether or not extension of facilities is reasonably likely to occur considering the size and type of uses likely to occur and the cost or distance of facility extension;

(b) Estimate the amount of serviceable industrial and other employment land likely to be needed during the planning period for the public facilities plan. Appropriate techniques for estimating land needs include but are not limited to the following:

(A) Projections or forecasts based on development trends in the area over previous years; and

(B) Deriving a proportionate share of the anticipated 20-year need specified in the comprehensive plan.

(c) Review and, if necessary, amend the comprehensive plan and the public facilities plan to maintain a short-term supply of land. Amendments to implement this requirement include but are not limited to the following:

(A) Changes to the public facilities plan to add or reschedule projects to make more land serviceable;

(B) Amendments to the comprehensive plan that redesignate additional serviceable land for industrial or other employment use; and

(C) Reconsideration of the planning area's economic development objectives and amendment of plan objectives and policies based on public facility limitations.

(d) If a city or county is unable to meet the requirements of this section, it must identify the specific steps needed to provide expanded public facilities at the earliest possible time.

(5) Institutional Uses. Cities and counties are not required to designate institutional uses on privately owned land when implementing section (2) of this rule. Cities and counties may designate land in an industrial or other employment land category to compensate for any institutional land demand that is not designated under this section.

(6) Compatibility. Cities and counties are strongly encouraged to manage encroachment and intrusion of uses incompatible with industrial and other employment uses. Strategies for managing encroachment and intrusion of incompatible uses include, but are not limited to, transition areas around uses having negative impacts on surrounding areas, design criteria, district designation, and limiting non-essential uses within districts.

(7) Availability. Cities and counties may consider land availability when designating the short-term supply of land. Available land is vacant or developed land likely to be on the market for sale or lease at prices consistent with the local real estate market. Methods for determining lack of availability include, but are not limited to:

(a) Bona fide offers for purchase or purchase options in excess of real market value have been rejected in the last 24 months;

(b) A site is listed for sale at more than 150 percent of real market values;

(c) An owner has not made timely response to inquiries from local or state economic development officials; or

(d) Sites in an industrial or other employment land category lack diversity of ownership within a planning area when a single owner or entity controls more than 51 percent of those sites.

(8) Uses with Special Siting Characteristics. Cities and counties that adopt objectives or policies providing for uses with special site needs must adopt policies and land use regulations providing for those special site needs. Special site needs include, but are not limited to large acreage sites, special site configurations, direct access to transportation facilities, prime industrial lands, sensitivity to adjacent land uses, or coastal shoreland sites designated as suited for water-dependent use under Goal 17. Policies and land use regulations for these uses must:

(a) Identify sites suitable for the proposed use;

(b) Protect sites suitable for the proposed use by limiting land divisions and permissible uses and activities that interfere with development of the site for the intended use; and

(c) Where necessary, protect a site for the intended use by including measures that either prevent or appropriately restrict incompatible uses on adjacent and nearby lands.

**(9) Target Industries. Local governments that estimate land demand using site requirements of target industries in an economic opportunities analysis must adopt land use regulations that:**

**(a) Designate and preserve specific sites for use by target industries by zoning ordinance or local measure.**

**(A) Sites designated for target industries may be developed for unanticipated employment uses based upon adopted findings that the proposed non-target industry use offers equal or higher local economic benefit:**

**Commented [ML\*D3]:** Subsections (A) and (B) focus methods of site protection and allow for some unanticipated employment uses on target industry sites.

**(B) Sites designated for target industries that do not develop with the anticipated industrial use may not be rezoned for commercial or residential use. Target industry sites zoned for other employment uses may not be rezoned for residential use. Local governments must adopt an updated economic opportunities analysis to rezone target industry sites for commercial or residential use.**

**(b) Protect designated target industry sites by limiting land divisions and permissible uses and activities that interfere with development of the site for the intended use:**

**(c) Where necessary, protect a site for the intended use by including measures that either prevent or appropriately restrict incompatible uses on adjacent and nearby lands.**

**Statutory/Other Authority:** ORS 183 & 197

**Statutes/Other Implemented:** ORS 197.712

**History:**

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86

### **660-009-0030**

#### **Multi-Jurisdiction Coordination**

(1) Cities and counties are strongly encouraged to coordinate when implementing OAR 660-009-0015 to 660-009-0025.

(2) Jurisdictions that coordinate under this rule may:

(a) Conduct a single coordinated economic opportunities analysis; and

(b) Designate lands among the coordinating jurisdictions in a mutually agreed proportion.

**Statutory/Other Authority:** ORS 183 & 197 & OL 2003 Ch. 800  
**Statutes/Other Implemented:** ORS 197.712  
**History:**  
LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

DRAFT

## Recommendations on DLCD Goal 9 Target Industries Rules Advisory Committee

Nellie McAdams  
Farmland First  
Agriculture Representative

Tuesday, April 16, 2024

Dear Members of the DLCD Goal 9 Target Industries RAC:

Below are my initial thoughts on rulemaking for the Target Industries approach for developing Economic Opportunity Analyses under OAR 660-009. These are initial thoughts and I look forward to offering additional comments before future meetings as well.

### 1. How should a “Target Industry” be defined in OAR?

***DLCD Recommends: Target “Industry” means an economic subsector defined by the United States Census Bureau economic census through the North American industry classification system using a three-digit code or more specific industry classification.***

The definition for the target industries approach in Woodburn’s case offered by the Court of Appeals in 2014 (but not the basis of the final decision) states:

“[T]he target-industries approach considers a local government’s **employment growth projections** and **goals for employment** and establishes a **framework for attracting** the kind of employers that could reasonably be expected to support the kind and amount of employment growth to which the local government aspires. Given the site needs of those particular employers, the local government identifies potentially available land both within and outside its UGB and selects a group of sites and an amount of land that it believes will accommodate the employers that it seeks to attract. {Emphasis added}

The proposed definition is a step towards providing specificity. For example, the test would not be satisfied by the development style, e.g. “industrial park” but would require an industry subsector to be identified. So the NAICS codes could be a baseline way of identifying which “industry.” But the codes alone do not address the fullness of the case law definition of “**target industry**,” including employment growth projections and a method for attracting businesses. When the PDC used the target industries approach in its study [here](#) it described specific companies, products, NAICS codes, workforce trends, and development strategy. I infer from conversations in the RAC that the target industries approach allows for increased speculation in which particular economic activities will be attracted. But in order to have an employment goal and marketing plan for industries (as outlined in the Woodburn definition), a city would need equal or greater specificity of an industry compared to a jobs-per-acre approach

For the purpose of defining an industry, I support 4 digits for NAICS. Two digits simply refer to a sector, such as “Manufacturing.” This is in no way sufficient for a city to estimate employment

projections, goals for employment, how to attract an industry, site specifications, or how to pay for the infrastructure costs for land redeveloped or brought into UGB for this purpose. Three digits refer to a subsector and 4 to an industry group. There is plenty of flexibility within industry groups, e.g. 3344 refers to “Semiconductor and Other Electronic Component Manufacturing” with a host of 5 and 6 digit NAICS industries under that. In defining industries, the NAICS website even skips over 3-digit subsections from 2-digit codes to 4-digit codes in defining its terms. I recommend that the OAR track with what NAICS considers an “industry” rather than a sector and use the 4-digit identifier.

Since NAICS codes do not encompass the entire approach established by this case law, there should be a “**target** industries” definition that requires alignment with employment growth projections and state that the city is uniquely positioned to attract the industry. Moreover, the city should demonstrate that it has or has a realistic plan to have the capacity to service this industry.

Given this, my starting recommendation for the definitions are:

~~Target~~ “Industry” means an economic industry defined by the United States Census Bureau economic census through the North American industry classification system using a four-digit code or more specific industry classification.

“Target Industry” is an industry that demonstrably meets the city’s employment growth projections, that the city is uniquely positioned to site, and that it has or will reasonably have the capacity to service with infrastructure.

The RAC charge requested ideas for other definitions, which are as follows:

- “Vacant land” should include land that is not in use for its intended purpose, e.g. land with vacant commercial or industrial structures. Under this definition or under a separate definition of “underdeveloped” there should be land that includes single level parking areas or low-density development. All of these areas should be considered first before any new land is considered for UGB expansion.
- “Development constraints” should include 1) impacts on communities (especially marginalized communities) including disruption of community life, traffic, air and water pollution etc. and 2) impacts on natural resource based industries.

## **2. Consider potential applications of the Target Industries Approach – are there instances in which this should or should not be used? What are they? How should rule amendments reflect those situations?**

Since target industries approach often results in bringing in more land than the safe harbor approach, it should be only used when a city is uniquely suited to bring in a well-defined industry due to its workforce, location, and urban/rural designation and the justification should require:

- A recent comp plan amendment before the EOA

- Goal 1 participation in identifying the desired industries and establishing the city’s ability to pay for it
- Serious consideration of land inside the UGB for development or redevelopment
- A factually rigorous demonstration that the city will have the capacity to service the industry
- Mitigation of impacts on Goals 3, 4, and 5. If it is impossible to mitigate by location, then mitigate by scale of the expansion, require vertical stacking of industry facilities, and do not allow expansion for low-density or low-wage employment.
- A financial plan to pay for expansion long term, given any tax breaks or payments by the industry
- A clawback of the land if the industry does not materialize in a reasonable timeframe.

If this is the case, the definition of industry should not be more vague than the safe harbor approach, since if a city knew the industry with enough specificity to know they have a competitive advantage, they would need to be able to name and describe it.

The Woodburn Court of Appeals definition implies a more rigorous approach than simply using the average employee density of a chosen industry, which the opinion states as the alternative approach. But Target Industries should not be used to wish cast for speculative and land intensive-industries and if the “white whale” does not materialize, to transition the land to another vaguely related industry which the community did not anticipate as the primary new industry.

There is also concern that larger cities will “offshore” auxiliary industries that are lower wage, less job/dense, less desirable to local communitie, and less economically beneficial to neighboring smaller towns. Regional planning similar to Jackson County’s Regional Problem Solving group can help to discuss regional siting and provide a focal point for Goal 1 community engagement.

**3. Should we structure amendments describing the Target Industries Approach as a “carve-out” special process in OAR 660-009, would it be preferable to integrate the approach into the overall EOA and required Division 9 policies and Measures?**

I want to learn more about the consequences either way. If they are combined, then:

1. the approach should not become more speculative in terms of which industries would be attracted and
2. it should not allow for multiple cities in a region to individually claim enough land to meet the needs of an entire industry sector, then (if an overly ambitious plan does not materialize) permit less desirable industries in the annexed land.

**4. How should the rule address the relationship between expected employment growth and land need asserted using the Target Industries Approach?**

The Woodburn case makes it clear that target industries should reflect an employment projection, and this approach also seems logical.

One consideration is that, if the plan is providing jobs outside of the region, the EOA should include a realistic and fundable plan for transportation infrastructure (considering climate and accessibility). Also, while economies are regional, it should not be assumed that rural communities will suddenly grow like urban communities just because they are in proximity. That is especially the case in the Tri-county region of Metro, where proximity to Metro does not imply Metro-style industries. To the contrary, rural cities should consider the needs of surrounding natural resource based industries that do not have the benefit of a planning process to protect their land area and incentivize their success. Goal 9 seems to assume that all industry takes place inside UGBs, but it is important to acknowledge that agriculture is an industry too, and one that (unlike industries incentivized in EOAs) is uniquely soil and land dependent. Yet agriculture does not have a seat at the table in city expansions. Agricultural landowners are sometimes considered outsiders who are not welcome in the process unless they desire to sell their land for an expansion area. And agricultural land (onto which UGBs often expand) is often viewed merely as land waiting for development instead of an industrial resource that is permanently destroyed in the process of expanding to accommodate other industries.

It is also important to consider not only the number of jobs, but the wages offered by those jobs and whether they provide increased wages for existing residents or only bring in new residents. This should at least be discussed in the EOA.

##### **5. How can cities provide justification for target industry site needs identified through this approach?**

As a general matter, economic activity is not necessarily dependent upon land, especially in modern, digital economies. However, because the EOA is overseen by a land use agency, land annexation is viewed as the ultimate goal of the planning document and the primary tool for incentivizing economic growth. Chagrin a land use agency with overseeing an economic analysis is an example of the adage: “When all you have is a hammer, everything looks like a nail” - land will be the focus of the economic growth and sometimes the desire to create a plan that brings in more land could dictate the target industry that is selected, rather than the other way around. Contrary to the other 18 goals, this perspective may incentivize land being brought into a UGB before other more effective and targeted approaches to economic development are implemented. Generally, I believe EOAs should be implementation plans that use all methods for incentivizing economic activity, including those that do not require land but rather investment inside the current UGB on behalf of the workforce, infrastructure, and businesses that make up the community.

The proposed rule amendment states that site identification should require a demonstration of **“How expected employment growth is to be accommodated on the identified sites.”** I agree that this is a starting point, but would specify that - prior to identifying industries or land in an EOA (using the Target Industries approach or otherwise) - the comprehensive plan should be



updated and planning conducted to demonstrate that the industry is desired by the community and serviceable by the municipality within a specific timeframe. That process should include Goal 1 engagement, engagement of service districts, intergovernmental coordination, fiscal analysis of the true costs and net benefits and a magnitude of scale analysis, a finance strategy to pay for it, and demonstration of the municipality's competency to provide services, demonstration of water availability for water-intensive industries, and public engagement. One reason for this planning is that the Target Industries approach in practice brings in far more land than the alternative approach and than the city might actually need. If this is the case, Target Industries should be a privilege and not a right, and should require significant prior planning to justify that the city can and should accommodate the new industry. As a practical matter, it is good common sense to demonstrate that the industry is likely to locate in this location and that the location has the capacity to service them before requesting land to accommodate an industry that may or may not arrive.

Regarding the size of sites, "Oregon Business Development Departments Guidance Regarding Site Requirements," this is fine as an additive or complementary metric, but should not be considered sufficient in and of itself. First, it does not include compatibility, impact mitigation, transportation, and cost of infrastructure. Second, it is a false premise that economic growth relies on additional land or on a specified amount of land. This is especially the case given modern work patterns of home offices and increased efficiencies on given footprints. For example, Senate Bill 4 granted supersiting authority to the Governor under the premise that many new facilities would be needed in order to utilize federal CHIPS dollars for semiconductor manufacturing, yet, none of the 14 federal CHIPS applications requested additional land inside or outside an Urban Growth Boundary. Billions of dollars were used to upgrade and create jobs within existing facility footprints.

The city should consider how undeveloped and underdeveloped land (including brownfields and single level parking, etc.) can meet economic projections tied to actual jobs before considering an expansion. This analysis should include a strategy to make these lands more likely to develop, rather than an analysis of their likelihood of developing in their current state. The analysis should also consider trends in acreage for the proposed use (e.g. decreasing or holding steady for semiconductors at the moment, and increased working from home and office vacancies making new office land unnecessary).

The acreage chart is also an unreliable tool, since a specific amount of land is not an industry "need," it is a real estate preference, and one that can be reduced if the municipality wishes to encourage internal efficiencies or vertical growth. The table of estimated acreages for various industries is retrospective, and not prospective, in nature. It does not account for efficiencies that companies are creating with technology upgrades or incentivize vertical development in everything from manufacturing to parking. To use prior development as an expectation for future development perpetuates land inefficiencies. If anything, it would be more accurate to provide an estimate of square footage and to encourage multilevel structures.

## **6. How should rules address site preservation or protection for use by Target Industries?**

One of my greatest concerns is that an EOA using a target industries approach will plan for a “white whale” of a massive and land extensive industry that is uncertain to arrive and that when it does not arrive, that the city will still rely on the EOA (or the UGB expansion proposal if it has been approved or the annexed land if that has already been annexed) to invite other industries with fewer community benefits and that may or may not be serviceable by the community.

As an example, North Plains’ 2022 EOA was tailored to invite the semiconductor industry. It referred to semiconductors 55 times and its title page stated “Reflecting Oregon Semiconductor Competitiveness Task Force opportunity findings.” According to the city’s EOA, that task force recommended the use of the target industries approach. The city also [advocated for](#) the Governor’s supersiting authority under Senate Bill 4 and their testimony labeled about 400 acres west of town as “Under State Semiconductor Manufacturing Site Consideration.” Yet that Task Force report did not include for consideration about 10,000 acres of industrial land already in UGBs, no land was claimed for CHIPS projects, and North Plains staff have since acknowledged that they will not have a semiconductor fabrication plant west of town. Yet while the conditions underlying their EOA have changed, they have not changed the land request in their UGB expansion proposal. Rather they are planning for low employee/acre densities of 4-5 jobs/acre which is common to data centers and warehouses. The “white whale” of a semiconductor fab inflated the land “need” using a target industries approach in this EOA, and when it became clear that it would not arrive, instead of amending the UGB expansion proposal, the land is being repurposed to a use that is less beneficial to the community and which could be sited anywhere, and is not uniquely suited in a rural community outside of Metro. To avoid this, in OAR 660-009-0025 an EOA using a target industries approach should identify the industry with enough specificity to know whether the city has been successful in its efforts, set a realistic timeline for preparation and inclusion of that industry, and have a clawback provision for land to be removed from the EOA and (if rezoned) return to its prior zoning if the city is not successful in securing that industry in that timeframe. The danger of this is that the land will likely already have been purchased by development interests and potentially taken out of agriculture, making it expensive and highly unlikely to return to its prior designation as if the EOA’s designation never happened. This is one reason that any approach to estimating land need in an EOA must minimize overreach.

This above concern is exacerbated as more cities use a target industries approach. It is possible that many cities in a region might use Target Industries to justify large land requests but the demand will only be met by one or parts of several cities’ land. To help avoid this, EOAs using a target industry approach should conduct regional analyses of demand and only be allowed to use a target industry approach if the city is uniquely suited in terms of workforce, infrastructure, urban zoning, available land inside the UGB, etc.

Also, if many alternative industries are listed, there is a risk that an immediate economic development opportunity could be sited, precluding the development of others that are more suitable, or fragmenting a large lot of industrial land that could have been reserved for a more desirable industry - e.g. siting of data centers could reduce the acreage of a large lot designated

for semiconductor manufacturing, forcing a city to expand further into surrounding farmland if this need arises later. Longer term, the state should support industrial land banking to prepare for land-extensive industries that are desired by and beneficial to communities. Shorter term, a city using a target industry approach should be required to set aside large acreages for the anchor industry identified in the EOA.

## MEMORANDUM

**From:** Anthony Riederer, Project Manager

**To:** Goal 9 Target Industries Approach RAC

**Date:** 4/15/2024

**Subject:** Goal 9 Rulemaking RAC – Meeting #1 Comments

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### Latitude for Local Jurisdictions

Local jurisdictions should be granted significant latitude in determining the blend of industries they seek and the resulting amount of employment lands needed to realize their community vision. This flexibility is important to allow communities to tailor their economic development strategies to local needs and priorities.

### Defining Target Industries

The use of 3-digit NAICS subsectors to define target industries seems reasonable as a categorization method. However, applying this level of specificity to a Targeted Industries Approach (TIA) may be problematic. Communities would be required to forecast future economic development at an overly granular scale, given the typical timeline of an Economic Opportunities Analysis (EOA). One solution might be to allow jurisdictions to create 'clusters' of 3-digit NAICS codes to target within a TIA, without reaching the level of generalization of a 2-digit NAICS code.

### Site Preservation Requirements

Tying lands to a specific target industry through "site preservation" requirements is concerning for a few reasons:

1. **Administrative Burden:** This would require jurisdictions to create specialized land use coding and zoning controls to limit uses on lands brought into the UGB through a TIA, once annexed. This adds significant administrative complexity.
2. **Inflexibility to Economic Shifts:** Economic trends can shift significantly over the EOA timeline. Constraining lands to a specific target industry could leave a community with land that is in-demand for economic development, but not usable. Please consider the instance of The Port of The Dalles, shared at the at the first meeting. It wasn't until the shift to data center development and the arrival of Google that the lands they had targeted for wood products and metals manufacturing found productive use.

Site preservation requirements, if included in the rulemaking, should be limited in duration and allow a community the flexibility to adapt to changing needs and market conditions.

### **Framing of the Targeted Industries Approach**

The description of the TIA as "normally included as a justification for an urban growth boundary expansion" appeared both in the preparatory materials for the first meeting and during the meeting itself. I believe this unfairly colors the practice as being focused on land consumption. I believe the TIA is better framed as a method for a community to determine the industries and lands needed to realize its overall vision, which may or may not require a UGB expansion.

In summary, it should be our objective to honor the rulemaking charge in creating a framework that speaks to Oregon's historic commitment to judicious growth and economic development while providing local jurisdictions with significant flexibility in pursuing their unique economic development goals and community needs.

**From:** [Stu Peterson](#)  
**To:** [TAYLOR Casaria \\* DLCD](#)  
**Cc:** [MCILVAINE Leigh \\* DLCD](#); [HOWARD Gordon \\* DLCD](#)  
**Subject:** Re: Goal 9 Target Industry RAC Mtg. 1 Follow-up  
**Date:** Sunday, March 31, 2024 8:49:54 AM

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Thanks Casaria for this. Unfortunately like the last meeting I will be out of the country when you have the next one. One comment. As a broker who has been selling and leasing Industrial real estate for 40 years and a lot of it to our areas heaviest employers, I want to caution against burdening industrial sites with limited zoning, i.e. manufacturing only. This causes many unintended consequences. Many of our manufacturing companies in the Metro area are housed in multi tenant business parks that would not have been developed with those zones in place. I can point to examples of land zoned specifically that has lied fallow long after the market has passed them by. I was involved in removing one of these restricted zoning overlays from some large parcels in the city of Sherwood. The results were immediate and now the site is home to Lam Research, DW Fritz Automation, NSI, and Rahi Systems. This would never have happened with the former zoning in place. These zones make financing a development very difficult if not impossible as Lenders and suppliers of Capital for development recognize the risk of restrictive zoning. It is unfortunate timing I have been abroad for both of these first two meetings If you have any questions please do not hesitate to call

Stu Peterson SIOR  
Macadam Forbes  
2 Centerpointe Drive  
Lake Oswego OR 97035  
503 972 7288 direct  
503 227 2500 office  
503 730 2875 cell  
[Initial Agency Disclosure Packet](#)



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**From:** TAYLOR Casaria \* DLCD <Casaria.TAYLOR@dlcd.oregon.gov>  
**Date:** Thursday, March 21, 2024 at 4:01 PM  
**To:**

**Cc:** MCILVAINE Leigh \* DLCDC <Leigh.MCILVAINE@dlcd.oregon.gov>, HOWARD Gordon \* DLCDC <Gordon.HOWARD@dlcd.oregon.gov>  
**Subject:** Goal 9 Target Industry RAC Mtg. 1 Follow-up

Members of the Goal 9 Target Industries Approach RAC,

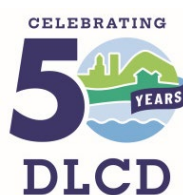
Thank you for the informative discussion today. Attached please find a copy of the slides from this morning's meeting, as well as a list of key questions/issues we are seeking to address during our next meeting. Any additional questions or issues you would like the RAC to consider prior the next meeting can be sent to Leigh McIlvaine ([leigh.mcilvaine@dlcd.oregon.gov](mailto:leigh.mcilvaine@dlcd.oregon.gov)) or Casaria Taylor ([casaria.taylor@dlcd.oregon.gov](mailto:casaria.taylor@dlcd.oregon.gov)) and we will share with your fellow committee members.

You may watch and share the recording of today's meeting on DLCDC's YouTube Channel at the following link: <https://www.youtube.com/live/NZX2DmUwn4g?si=O5d6TMujVmC3tSR4>

Our next RAC meeting is planned for the week of April 28 – May 3. Please fill out the Doodle poll here to indicate your availability no later than Wednesday, March 27 : <https://doodle.com/meeting/participate/id/azqrmW7e>

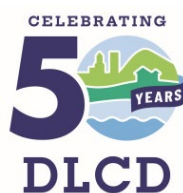
If you would like to submit written comments for inclusion in the meeting packet for RAC meeting #2, please send them to [Casaria.taylor@dlcd.oregon.gov](mailto:Casaria.taylor@dlcd.oregon.gov) by Tuesday, April 16<sup>th</sup> to allow us time to include them in the packet.

We appreciated the thoughtful comments and perspectives you shared at today's meeting. If you have any questions please reach out to us.



**Leigh McIlvaine** (she/her)

Economic Development Specialist | Community Services Division  
Oregon Department of Land Conservation and Development  
635 Capitol Street NE, Suite 150 | Salem, OR 97301-2540  
Cell: 971-701-1041 | Main: 503-373-0050  
[leigh.mcilvaine@dlcd.oregon.gov](mailto:leigh.mcilvaine@dlcd.oregon.gov) | [www.oregon.gov/LCD](http://www.oregon.gov/LCD)



**Casaria Taylor**

Rules, Records, and Policy Coordinator | Policy Office  
Pronouns: she/her  
Oregon Department of Land Conservation and Development  
635 Capitol Street NE, Suite 150 | Salem, OR 97301-2540  
Cell: 971-600-7699 | Main: 503-373-0050  
[casaria.taylor@dlcd.oregon.gov](mailto:casaria.taylor@dlcd.oregon.gov) | [www.oregon.gov/LCD](http://www.oregon.gov/LCD)

Comparison of Example Economic Opportunities Analyses Utilizing the Target Industries Approach

<b>EOA</b>	<b>North Plains (2022)</b>	<b>Hillsboro (2015)</b>	<b>Sisters (2021)</b>	<b>Springfield (2015)</b>	<b>Junction City</b>
<i>Target Industries (#digits)</i>	All Industrial Use ( 2 digit NAICS)	Computers and Electronics Mfg (3 digit), Software & Media (4 digit), Health Sciences/Tech (3&4 digits), Health Services (3 digit), Data Centers (3 digit), Hospitality/Recreation/Retail (several NAICS categories)	Accommodation & Food Service (4/5 digits), Retail Trade (2 digit), Health Care & Social Assistance (2 digit), Self Employed (not an industry), Manufacturing (2 digits, several categories), Food & Beverage (3 digit)	Medical Services (3 digit), Services for Seniors (2) , Manufacturing (2), Speciality Food Processing (4), High-Tech (3), Professional and Technical Services, Call Centers (4), Back-Office Functions, Tourism, Green Businesses, Corporate Headquarters, Services for Residents, Government and Public Services	Oregon State Prison, Oregon State Hospital, Grain Milling, Food Recycling, Speciality Food Manufacturing.
<i>Total land need identified through TIA</i>	545 acres	2,530 acres (Integrated with non-target industries)	69 acres (Integrated with non-target industries)	230 acres (Integrated with non-target industries)	300+ acres for identified Target Industries
<i>Supporting rationale for site needs</i>	Business Oregon Industrial Site Requirements Matrix, comparison to development in nearby cities, industry publications	Business Oregon Industrial Site Requirements Matrix	None cited	Subconsultant/prior local research, Business Oregon Industrial Site Requirements Matrix	State development plans, assertions by local businesses
<i>How was employment growth accounted for?</i>	Forecasted employment growth assigned to sites after target industries identified.	Targeted industries influence employment growth forecast. Jobs assigned to industries. Employment density informs land need.	Targeted industries influence employment growth forecast. Jobs assigned to industries. Employment density informs land need.	Employment growth assigned to new or existing land by industry type	Targeted industries influence employment growth forecast
<i>Local measures protecting site for target industry use?</i>	No	Specialized industrial zones for some target industries	No	Recommendation: Objective 3: Reserve sites over 20-acres for special developments and industries that require large sites.	
<i>Did the target industry/ies develop?</i>	UGB amendment in process	Yes, some			Oregon State Hospital developed, other target industries did not.