



March 17, 2008

TO: Cities, Counties, and Interested Parties
FROM: DLCD, Economic Development Planning Team
SUBJECT: Tips for Conducting an Economic Opportunities Analysis

This is an informal resource for cities, counties, and others conducting Goal 9 planning in accordance with OAR 660, division 9. This resource is non-binding and is intended to respond to frequently asked questions as well as common issues that arise in the review and acknowledgement of local Economic Opportunities Analyses. The tips in this memorandum are based on the Goal 9 administrative rules as amended by the Land Conservation and Development Commission on December 1, 2005.¹ Though this resource focuses primarily on the content and format of an Economic Opportunities Analysis, it also provides other useful information.

Economic Opportunities Analysis – Preparation

If local economic development objectives are known or have been recently established, they can help guide the scope and content of the Economic Opportunities Analysis.

TIP ► Before starting the Goal 9 planning process, review existing comprehensive plan policies, local or regional economic development strategies, vision statements or other recent work that identifies local economic development objectives.

Economic Opportunities Analysis – Scope

The department has received numerous requests by cities for assistance with creating scopes of work for proposals for consulting services. A generic scope of work is attached to this memo as Attachment A. The generic scope is intended as a resource only, and local governments may modify it or develop a different approach depending on local needs and priorities.

TIP ► The breadth and scope of an Economic Opportunities Analysis may vary depending on local needs. An analysis in conjunction with a plan amendment may be limited in scope and focus on one industry or sector. An analysis in conjunction with a plan update or periodic review should be comprehensive in nature.

¹ The adopted rule amendments went into effect on January 1, 2007.

Economic Opportunities Analysis – Content

The Economic Opportunities Analysis is a technical study that compares projected demand for land for industrial and other employment uses to the existing supply of such land. The Economic Opportunities Analysis process helps communities implement their local economic development objectives and forms the basis for industrial and other employment development policies in the comprehensive plan.

TIP ► The Economic Opportunities Analysis should clearly explain the factors, data, assumptions, and conclusions used to estimate industrial and other employment land demand for the 20-year planning period.

The substantive content of an Economic Opportunities Analysis is governed by OAR 660-009-0015. This rule requires inclusion of the following four interrelated elements:

1. Review of national, state, regional, county and local trends;
2. Identification of required site types;
3. Inventory of industrial and other employment lands; and
4. Assessment of community economic development potential.

1. Review of National, State, Regional, County and Local Trends

Reviewing trends is the principal method for estimating needed sites for future industrial and other employment uses. A use or category of use can reasonably be expected to expand or locate in the planning area if the area possesses the appropriate locational factors. In addition to population or job forecasts, other factors such as unmet demand, commute patterns, and other trend information should be considered.

TIP ► Though population and job forecasts are the typical trends used for estimating future land demand, other approaches are acceptable. The department illustrates using job forecasts in its Industrial and Other Employment Lands Analysis Guidebook

2. Identification of Required Site Types

The Economic Opportunities Analysis must identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of sites are based on the site characteristics typical of expected uses. **Identifying the number of sites needed by type is the most important outcome of the Economic Opportunities Analysis.** Historically, Economic Opportunities Analyses have estimated land demand in aggregate acres across broad categories. This is below the standard of the existing and amended administrative rules and does not provide sufficient detail to make effective planning decisions for most cities, such as evaluation of plan amendments that convert industrial lands to other uses. For small cities, a basic approach that aggregates acres may be appropriate if sufficient detail regarding site type is provided.

TIP ► Site types can be described in a number of different ways. It can be by plan designation (i.e., heavy or light industrial), it can be by general size categories that are defined locally (i.e., small, medium, or large sites), or it can be industry or use-based (i.e., manufacturing sites or distribution sites). Be sure site types represent the broadest range of employers expected in the planning area, including so-called “institutional” employers.

3. Inventory of Industrial and Other Employment Lands

When determining the inventory of industrial and other employment lands, it is important to

consider development constraints such as wetlands and other suitability factors for both vacant and developed land. It is critical to understand not only the quantity of land within an urban growth boundary, but also its suitability for desired uses. When estimating land needs, factor in the land needs for infrastructure and transportation facilities, in addition to the area for the use itself. Also consider whether the land is ready in the short-term (ready for construction within one year of a building permit application or service extension request).

TIP ► The administrative rules now authorize cities and counties to consider the availability of land when planning for the short-term supply of land. Take advantage of this opportunity to ensure that industrial and other employment uses reasonably anticipated in the short-term will be able to locate or expand in the community.

4. Assessment of Community Economic Development Potential

It is important to consider a planning area's economic advantages and disadvantages. These include, but are not limited to, factors such as workforce; availability of transportation facilities for access and freight mobility; access to suppliers and utilities; location, size, and buying power of markets; state and federal environmental protection laws; and service infrastructure.

TIP ► When analyzing and describing these factors, don't just list strengths. A realistic analysis acknowledges local barriers to economic development as well. The more realistic the assessment, the more likely a community will achieve its economic development objectives. Incorporate economic strengths and weaknesses into the analysis by describing how they affect future land demand for the planning period, rather than just making a list of them. Making adjustments to the local capture rate of a regional job forecast is one example of how this can be done.

Economic Opportunities Analysis – Format

Though the content of the Economic Opportunities Analysis is most important, how the information is presented and formatted is also important.

TIP ► The information and conclusions contained within an Economic Opportunities Analysis should be organized in such way to make it easily accessible and understandable for local decision makers, citizens, and the state.

There are many ways to effectively organize and format an Economic Opportunities Analysis. The sequence of the administrative rule is one way, though not necessarily the best way. However, the critical content should be easy to locate. Sometimes other economic development-related work products are created in conjunction with an Economic Opportunities Analysis. This may include a local business development strategy, an urban renewal plan, or some other feasibility study. It is important to physically separate the Economic Opportunities Analysis from other work products, especially when they are generated together.

TIP ► The use of headers, a table of contents, and chapters, is an effective way to assist readers in finding critical information within the Economic Opportunities Analysis and distinguishing the adoptable Economic Opportunities Analysis from other work products.

Another useful tool for organizing information is the use of data tables and charts. This is especially effective when summarizing data originating from the analysis itself. Examples

include summarizing inventory data, calculations involving job forecasts and job density assumptions, and comparisons of projected demand and current supply. Sometimes data tables from other source documents or reports are reproduced in the Economic Opportunities Analysis. When you do this, make clear in the accompanying narrative how the reproduced data table factors into the overall analysis for land supply and demand, and the source of the data. If you cannot explain how the reproduced data factors into the Economic Opportunities Analysis, it is probably not needed in the body of the analysis and should either be left out or put in an appendix.

TIP ► The use of tables or charts is an effective way of summarizing data and calculations originating in the Economic Opportunities Analysis. When reproducing data from other sources, note the source and describe how the data relates to or is incorporated into the analysis.

20-Year Land Supply

Many cities want to grow as fast as economic opportunity will allow. Such aspirations are consistent with the statewide land use planning program. Goal 9 requires that a 20-year land supply provide a diverse range of site sizes, types, and locations to meet the needs projected through the Economic Opportunities Analysis process. The Goal 9 administrative rules do not authorize the designation of more than a 20-year land supply, nor do they supersede the requirements of other goals such as Goal 14. However, the planning program does not prevent a community from consuming its estimated 20-year land supply for industrial and other employment uses within a shorter period of time. Effective public facilities and transportation planning and participation in Oregon's Industrial Site Certification Program are some of the ways a community can position its industrial and other employment lands for economic growth.

TIP ► The higher the percentage of the 20-year land supply that is made ready for development in the short-term, the more likely a community will be able to respond to economic development opportunities as they arise.

State and Local Economic Development Professionals

State and local economic development professionals, such as the Oregon Economic Community Development Department Business Development Officer, are a valuable resource. These professionals can provide information regarding local business recruitment and expansion potential, market conditions, and site inventory needs to respond to short-term development opportunities.

TIP ► Consultations or interviews with state and local economic development professionals can provide valuable information for the Economic Opportunities Analysis.

Citizen Involvement

Public input on the draft findings of the Economic Opportunities Analysis prior to completion or adoption is an important step in the economic development planning process. Local jurisdictions should review and follow their local citizen involvement plan policies and code provisions.

TIP ► Seeking public input on the Economic Opportunities Analysis is particularly important if it will result in recommendation of an urban growth boundary expansion.

Goal 14

Before the Economic Opportunities Analysis is adopted, a local jurisdiction may want to evaluate whether an urban growth boundary (UGB) expansion is needed to accommodate future industrial and other employment land needs. This requires an analysis of opportunities within the existing UGB, and, if necessary, available parcels for potential addition to the UGB.

TIP ► A local jurisdiction can save time by preparing for an urban growth boundary expansion, if appropriate, early in the Goal 9 planning process.

Adoption

The Oregon Court of Appeals recently clarified earlier court cases dealing with the need to incorporate technical studies into the local comprehensive plan.² Based on this court decision, department staff believes that Goal 2 requires local adoption of an Economic Opportunities Analysis as part of the comprehensive plan in order for a community to base land use decisions upon it.

TIP ► Adoption is required before a local government may make land use decisions based on the data and conclusions contained in the Economic Opportunities Analysis.

Other Information

Other information, resources, and publications regarding economic development planning can be found on the department's website at: <http://www.lcd.state.or.us/LCD/ECODEV/index.shtml>.

TIP ► Economic Development Planning Team Staff are able to assist in a number of ways. In coordination with your Department of Land Conservation and Development Regional Representative, we can help with developing project proposals for grant funding, developing scopes of work, assisting with consultant selection, participating on local technical advisory committees, reviewing and providing feedback on draft documents, and more.

² *1000 Friends of Oregon v. City of Dundee*, 203 Or App 207 (2005).

Goal 9 / Economic Opportunities Analysis - Scope of Work

This generic scope of work was developed in response to numerous requests by cities for assistance with creating scopes of work for proposals for consulting services. This generic scope is intended as a resource only, and local governments may significantly modify it or develop a different approach depending on local needs and priorities.

ECONOMIC OPPORTUNITIES ANALYSES

Objective: To identify likely industrial and other economic development opportunities and corresponding employment land needs over the planning period of the next 20 years, plus up to an additional 30 years for communities planning for designated urban reserves. This document suggests the typical tasks and required deliverables of an Economic Opportunities Analysis (EOA) funded by the Department of Land Conservation and Development (DLCD).

1. Preparation

Purpose: Reduce cost and delay, anticipate obstacles, prevent surprises and keep planning activities aligned with local policy.

Deliverables: A locally approved Statement of Community Economic Development Objectives. Evidence of support and coordination from key cooperating organizations and agencies.

Typical activities include:

- a. Review Oregon's land use program with DLCD staff to understand key concepts. Pay special attention to:
 - i. OAR 660, division 9, Economic Development;
 - ii. 660-009-0005(10) - Short-term supply of land;
 - iii. 660-009-0010(5) - Adequate planning effort;
 - iv. 660-009-0020(1)(a) - Economic development objectives;
 - v. OAR 660, division 24, Urban Growth Boundaries (UGB);
 - vi. 660-024-0040(5) - Employment land need; and
 - vii. 660-024-0040(8) - Safe harbors.
- b. Prepare an informal draft Statement of Community Economic Development Objectives. Economic development planning typically looks back at the economic history of the area and changes affecting that tradition, looks forward at new opportunities, and defines a series of actions to be taken by local government to achieve a desired and sustainable result.
- c. Define a study area to analyze for economic and land use trends, which is typically a region sharing inter-dependent economic activity. Describe why the area was chosen and include a brief narrative about current conditions and activity.
- d. Define a planning area, which is typically the existing UGB and may include potential expansion and urban reserves. It is useful to describe why the area was chosen, and include a brief narrative

about current conditions and activity.

- e. Gather and review any available regional economic development, employment data, real estate market data and area context information that has been published by entities such as: state and local governments, economic development agencies, ports and other development districts, the regional Business Development Officer for the Oregon Economic and Community Development Department, and Oregon's interagency Economic Revitalization Team.
- f. Meet with federal, state, regional and local economic development agencies to discuss cooperation, participation and possible sources of funding for planning and implementation activities.
- g. Identify typical planning and implementation policies, activities and tools, and gather evidence of support from key cooperating organizations (especially municipal and county boards and commissions, and Oregon's Economic Revitalization Team).

2. Trend Analysis

Purpose: Identify economic development opportunities likely to expand or locate in the study area within the planning period. Determine the percentage of that employment growth reasonably expected within the planning area.

Deliverable: An estimate of job growth associated with the economic development opportunities likely to expand or locate in the planning area within the planning period consistent with OAR 660-024-0040(5) - Employment Land Need. It should be based on an employment forecast from the Oregon Department of Employment, a custom employment forecast prepared by a competent professional, or an estimate of job growth including reasonable justification for the job growth estimate.

Clearly indicate the method being used, and include the data, the analysis and the conclusions.

Typical activities include:

- a. Review OAR 660-009-0005 – Definitions, to understand of key concepts and terms, and OAR 660-009-0015(1) – Review of Economic Trends.
- b. Meet with Oregon Department of Employment staff to discuss employment trends in the Economic Opportunities Analysis study area.
- c. An EOA that relies on an employment forecast provided by the Oregon Department of Employment may reduce delay and cost. Refer to OAR 660-024-0040(8) - Safe Harbors. Communities with circumstances that require a customized estimate of job growth that is not available from the Oregon Department of Employment may wish to contract for specialized services from competent professionals.
- d. Review national, state, regional, county, and local economic trend data including, but not limited to, population and job forecasts by sector over the planning period.

- e. Assess economic development potential by analyzing factors such as location, size and buying power of local and export markets for goods and services; workforce training opportunities; availability of transportation facilities for access and freight mobility; access to suppliers and utilities, including telecommunications; and other service infrastructure.
- f. Meet with local and state economic development professionals regarding local economic development potential for industrial and other employment opportunities in the study area. Incorporate results from interviews or consultations into the EOA.
- g. Acquire and incorporate information published by the Oregon Economic and Community Development Department documenting demand for sites in the study area that may not be reflected in the current employment data.

3. **Site suitability analysis**

Purpose: Understand the types of sites needed to successfully implement the Statement of Community Economic Development Objectives.

Deliverable: Catalog of the range of site types suitable for the employment uses likely to expand or locate in the study area.

Typical activities include:

- a. Identify the employment land uses appropriate for the study area, based on results of the trend analysis. Include specific site sizes, special site requirements or other characteristics affecting the needed land supply such as a mixture of site sizes or sites with proximity to facilities. Also identify land needs that may arise from the expansion of existing businesses and the recruitment or location of new businesses into the study area.
- b. Acquire and incorporate information published by the Oregon Economic and Community Development Department that documents specific market-based development practices and site requirements that may affect the current inventory and need for additional suitable employment land.

4. **Inventory of suitable sites**

Purpose: Determine the current availability of sites suitable for employment uses likely to expand or locate in the planning area.

Deliverable: Inventory of available sites suitable for employment uses likely to expand or locate in the planning area within the planning period.

Typical activities include:

- a. Inventory and analyze the planning area's existing supply of industrial and other employment lands for development constraints which may include: wetlands, habitat areas, environmental contamination, topography, cultural resources, infrastructure deficiencies, parcel fragmentation, natural hazard areas, ownership patterns, and other suitability and availability criteria in order to

determine the readiness of the current land supply for industrial and other employment development.

It is important to examine opportunities for redevelopment of existing sites, including sites in the core areas of cities. A local government may consider the cost of preparing land for the designated use as part of an EOA by including a residual value analysis prepared by a competent professional as part of the analysis of development constraints.

- b. As part of any adjustment to an UGB for employment land, review employment land need and associated policies in OAR 660, division 024. OAR 660-024-0040(5) requires a determination of the need for a short-term supply of land. OAR 660, division 9, encourages local governments to include policies relating to the short-term supply of land. Designation of short-term supply is described in OAR 660-009-0025(3).

5. **Assessment of potential**

Purpose: Understand the process, and reduce the cost and risk associated with designating the amount of employment land.

Deliverables: An estimate of the need for employment land within the planning area for the planning period by category of site type. Include a brief narrative of any identified process, cost or risk factors; and describe the community's ability to manage those factors.

Typical activities include:

- a. Estimate the total number of sites needed in the study area for the planning period by categories of sites, based on information collected in the previous tasks. Include a minimum, maximum and most likely number of sites needed for each identified category within the planning period.
- b. Estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Refer to Assessment of Community Economic Development Potential in OAR 660-009-0015(4). Include a brief narrative that explains the factors that determine the planning area's capture of employment growth in the study area.
- c. Identify pertinent planning, implementation, specific site, financial and real estate market process, cost and risk factors associated with the designation of additional employment land.
- d. Analyze the information gathered to estimate total number of sites by the various categories defined by the local government needed within the planning area for the planning period.

6. **Develop detailed implementation policies based on completion of previous steps**

Purpose: Provide specific guidance to community leaders and staff.

Deliverables: A list of recommended economic development implementation policies to be included in the comprehensive plan update or plan amendment that were identified by the EOA process. It is not necessary for an EOA to include a complete implementation plan, which may follow and could include additional items.

Typical activities include:

- a. Identify local government activities that will be needed to successfully implement the Statement of Community Economic Development Objectives. Include changes to the land supply, updates to comprehensive plans, additions to infrastructure facilities, new intergovernmental agreements, updated management practices, public-private partnerships, workforce training and adjustments to real estate economic factors. Include techniques to increase the community's ability to respond to economic development opportunities with speed and flexibility.
- b. Identify appropriate local government actions and investments of leadership, capacity, staff time, public finance tools and statutory authority needed to successfully implement the Statement of Community Economic Development Objectives.
- c. Identify available methods to fund local government activities that will be needed to successfully implement the Statement of Community Economic Development Objectives.
- d. If using an estimate of job growth with reasonable justification to complete the trend analysis, the local government must identify investments in infrastructure, workforce, amenities and other community improvements necessary in order to attract the job growth. Demonstrate that methods are available and there is local commitment to fund those improvements.
- e. If using a residual value analysis to justify an adjustment to the current supply of suitable sites, the local government must apply the same analysis to all sites proposed for changes of designation, including all proposed expansion sites outside the current UGB. The local government must identify policies to correct residual value development constraints within the planning period, or reasonably demonstrate that correction is not possible. Use of a residual value analysis is intended to remove from the short-term inventory, those industrial sites with a persistent negative residual value. These sites have development constraints that can't be resolved for the designated use by reasonable local government action.

7. Prepare final EOA

Present the draft EOA to the EOA Project Team and the regional Business Development Officer for the Oregon Economic and Community Development Department; receive and incorporate comments into final product.

An EOA submitted to satisfy DLCD grant requirements must be prepared in accordance with the procedures provided in this attachment and Oregon Administrative Rule 660-009-0015 – Economic Opportunity Analysis.