



MEMORANDUM

To: Shane Potter, City of Molalla

From: Jesse Winterowd

Date: Dec 22, 2009

Re: **Employment Land Needs Analysis, 2030 & 2030-2060**

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INTRODUCTION

Molalla is in the process of reviewing the need for – and supply of – suitable industrial land within its 20-year urban growth boundary (UGB). The City is also considering how much and what type of land should be included with its year 2060 urban reserve area (URA). This memorandum is intended to provide the factual and analytical basis for allocating future employment land within the 2060 URA and the 2030 UGB.

In 2004, the City of Molalla contracted H.D. Hovee and Company (Hovee) to prepare an economic analysis and strategic plan in order to meet Statewide Planning Goal 9 (Employment) requirements, and for use in determining 20-year employment (industrial and commercial) land needs. The *Molalla Economic Profile* (Hovee, 2004) provides 20-year population and employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis.

The Economic Profile notes:

“The approach taken in this analysis to Molalla’s future employment is based upon the city’s policy objective to improve its jobs-housing balance and regain its status as a somewhat independent economic region rather than a bedroom community serving employers elsewhere in the region. This employment projection is therefore appropriately termed as a policy projection rather than a market-based forecast.

It is recognized that this policy projection is more aggressive than Metro’s preliminary jobs forecast for the Molalla area. Molalla’s employment policy

projection is based upon a 2025 jobs-housing target of 1.6 jobs per housing unit, equivalent to the jobs-housing balance of the entire metropolitan region as of 2002.

This recommended jobs-housing target represents a significant increase from Molalla's current jobs housing balance, but would be roughly half of the community's peak jobs to housing ratio experienced in the mid 90s."(Pages 11-12)

The Goal 9 (Economy) administrative rule provides guidance to local governments regarding the preparation of economic plans (OAR Chapter 660, Division 009). OAR 660-009-0025(1) states that:

"...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."

This memorandum, the *Employment Land Needs Analysis*:

- builds on the analysis provided in the Economic Profile;
- extends the 20-year planning period from 2025 to 2030;
- adjusts projected population to reflect "safe harbor" population growth through 2030;
- identifies and projects site requirements of firms that are likely to locate in Molalla;
- determines 2010-2060 employment land need based on projected population and employee/acre ratios.

The conclusion of the *Employment Land Needs Analysis* is summarized in Table 1 below. The City of Molalla will need a total of 759 net buildable acres to meet 2010-2060 URA employment land needs.

Table 1: 2030 and 2030-2060 Net Land Need and Supply*

Year	Employment Land Need	Employment Land Supply	Acres Surplus (Deficit)
2010-2030	281	212	(69)
2030-2060	689		(689)
2010-2060 Total	971	212	(759)

Source: Winterbrook Planning
*Net buildable acres

EMPLOYMENT SECTOR GROWTH

Employment growth in Molalla was projected through 2025 by the *Economic Profile*, and extended through 2030 and 2060 by Winterbrook. Table 2 summarizes the 2025 employment sector projection provided by the *Economic Profile*. In 2025, Hovee projected that Molalla would have about 6,145 employees, concentrated primarily in the Services, Retail, and Manufacturing sectors.

Table 2: Hovee 2025 Employment Sector Projection

Sector	2025 Projection	Percent
Agriculture, Forestry	61	1%
Mining	61	1%
Construction	430	7%
Manufacturing	676	11%
TCPU	246	4%
Wholesale	246	4%
Retail	1,045	17%
FIRE	307	5%
Services	2,151	35%
School	615	10%
Government	307	5%
Total	6,145	100%

Source: H.D. Hovee

Five years have passed from the time the Economic Profile was completed. Table 3 extends the sector projections to 2030, aiming at providing analysis for a 20-year planning period. Molalla is now using a Safe Harbor population of 10,532 for the year 2030, which is slightly lower than Hovee's projection for the year 2025. The five-year extension maintains the same proposed job-housing balance as the Economic Profile – 1.6 jobs per household.

This results in a total employment of 5,934 for Molalla in the year 2030, with sector employment as shown in Table 3 below.

Table 3: Employment Sector Projection, 2030

Sector	2030 Projection	Percent
Agriculture, Forestry	61	1%
Mining	61	1%
Construction	430	7%
Manufacturing	676	11%
TCPU	246	4%
Wholesale	246	4%
Retail	1,045	17%
FIRE	307	5%
Services	2,151	35%
School	615	10%
Government	307	5%
Total	5,934	100%

Source: Winterbrook Planning

To simply project employment needs for the URA timeframe, this analysis assumes Molalla will maintain the same population/employment ratio, and the same commercial/manufacturing ratio as projected for 2030.

UGB EMPLOYMENT SITE NEEDS

Firms wanting to expand or locate in Molalla will be looking for a variety of site and building characteristics, depending on the industry and specific circumstances. The *Economic Profile* identified the following target industries for Molalla:

- Agriculture and forestry related wholesaling;
- Smaller industrial users (10,000 – 25,000 square feet) with freestanding facilities, primarily manufacturing and distribution;
- Smaller scale retail and services;
- Office employment serving area residents.

In general, employment firms need sites that are relatively flat, free of natural or regulatory constraints on development, with good transportation access and adequate public services. For Molalla, this leads to the following siting criteria:

- Flat land: Under 10% slope;
- Access to transportation: Within ¼ mile of, and with direct access to, one of Molalla's two state highways;
- Buildable: Site acreage outside of mapped natural features (riparian areas, wetlands, etc.); and
- Public Facilities: Efficient provision of public facilities within the planning horizon (2030).

Molalla’s location at the intersection of two highways makes it a viable economic center for its market area; however, the City’s distance away from Interstate 5 makes it unlikely to attract employers with large-scale manufacturing or distribution needs. Molalla’s target industries reflect this dynamic, primarily focusing on industries that require small to medium lot sizes.

Table 4 projects employment site needs for 2030, based on employment growth, sector growth, and target industries. Since different firms often share a site or building, and to reflect potential redevelopment and intensification of existing employment land, this projection assumes that one “site” will be needed for every 1.5 new firms. Approximately 93% (351 of 375) of new firms in Molalla through 2030 are expected to be relatively small businesses with fewer than 25 employees – needing employment sites of two acres or less. Molalla is projected to require a total of 302 acres of employment land, including four sites in the 5 – 20 range and two sites in the 20 – 50 acre range, to meet 2030 employment needs.

Table 4: 2030 Employment Site Needs

Employees	Distribution	Employees	Firms	Sites Needed	Average Site Size	Size Range	Needed Acres
0 to 9	25%	822	274	183	0.5	< 1	91
10 to 24	35%	1,151	77	51	1.5	1 to 2	77
25 to 49	20%	658	19	13	3.5	2 to 5	44
50 to 99	10%	329	5	4	12	5 to 20	44
100+	10%	329	3	2	25	20 to 50	46
Total	100%	3,289	375	250			302

Source: Winterbrook Planning

EMPLOYEE / ACRE LAND NEEDS

Since Goal 9-based site needs may be inapplicable to URA expansions, and Molalla is proposing a URA expansion prior to a UGB expansion, this document also provides a simple employee/acre employment land need projection for the 2010-2030 timeframe in Table 5.

As shown in Table 5, applying the employee/acre ratios used in the Hovee analysis to the safe harbor 2030 population results in a year 2030 employment land need of 281 net buildable acres for 3,289 new employees. This is slightly lower than the acreage indicated by the site needs methodology.¹

¹ Should Molalla propose a UGB expansion, the site needs approach will better comply with Goal 9.

Table 5: 2010-2030 Net Employment Land Needs

Factors	
2010 Employment (Est)	2,645
2030 Employment	5,934
Projected 2010-2030 Employment Growth	3,289
2030 Commercial %	68%
2030 Industrial %	32%
2030 Commercial Employees / Acre	15
2030 Industrial Employees / Acre	8
2010-2030 Commercial Employees	2,223
20310-2030 Industrial Employees	1,065
2010-2030 Commercial Land Need	148
2010-2030 Industrial Land Need	133
2010-2030 Total Employment Land Need	281

Source: Winterbrook Planning

Table 6 projects employment land needs in the 2030-2060 timeframe. As noted earlier, this analysis simply maintains the projected 2030 population/employment ratio of 1.8 population per employee (1.6 employees/household), and the 2030 commercial/industrial ratio (68%/32%) for the URA timeframe.

Molalla's long-term objectives as expressed in its Comprehensive Plan are to continue to increase its employment/population ratio, and foster a more industrial job base. In addition, employment land generally requires some right-of-way dedication. Incorporation of these factors would increase employment land need over these assumptions. Increasing employee / acre assumptions would decrease projected land need.

As shown in Table 6, this analysis projects a net buildable land need of 689 acres for new employment in the 2030-2060 timeframe.

Table 6: 2030-2060 Net Employment Land Needs

Factors	Totals
2030 Employment	5,934
2030 Population	10,532
Population / Employee Ratio, 2030	1.8
2030 Commercial %	68%
2030 Industrial %	32%
2030 Commercial Employees / Acre	15
2030 Industrial Employees / Acre	8
2060 Population	24,829
2060 Employment @ 2030 Ratio	13,988
2030-2060 Additional Employees	8,055
2030-2060 Commercial Employees	5,445
2030-2060 Industrial Employees	2,609
2030-2060 Commercial Land Need	363
2030-2060 Industrial Land Need	326
2030-2060 Total Employment Land Need	689

Source: Winterbrook Planning

EMPLOYMENT LAND SUPPLY

As shown on Table 7 below, Molalla has an aggregate of 212 acres of suitable employment land, including 52 acres of commercial land and 160 acres of industrial land. This is shown on the Molalla Buildable Lands Map (City of Molalla, 2009).

Table 7: Employment Land Supply

Plan Designation	Buildable Acreage
Commercial	52
Industrial	160
Total	212

Source: City of Molalla, Winterbrook Planning

An aggregate land need and supply comparison is shown on Table 8. Given a total employment need of 281 acres for 2030, and a supply of 212 acres, Molalla has a 2030 employment land deficit of 69 acres. Molalla has a deficit of 689 net employment acres in the 2030-2060 timeframe, and a total deficit of 759 net acres for the 2010-2060 timeframe.

Table 8: 2030 and 2060 Net Employment Land Need and Supply

Year	Employment Land Need	Employment Land Supply	Acres Surplus (Deficit)
2010-2030	281	212	(69)
2030-2060	689		(689)
2010-2060 Total	971	212	(759)

Source: Winterbrook Planning

CONCLUSION

In the aggregate, Molalla has a year 2030 employment land deficit of 69 net acres, and a 2030-2060 deficit of 689 net acres, leading to a total 2010-2060 URA deficit of 759 net buildable acres of employment land.